Sime Darby Plantation

CHAMPIONING INNOVATION

ADVANCING SUSTAINABILITY

INTEGRATED REPORT **2023**

What's
INSIDE

OUR REPORTING SUITE

INTEGRATED REPORT 2023

Our Integrated Report is our primary report for stakeholders and has been prepared to provide a balanced assessment of the Group's ability to create sustainable value based on our short, medium and long-term strategies whilst supported by our six capitals. It comprises a business review; our annual financial statements, which provide a comprehensive account of the Group's financial performance for the year; a sustainability statement which provides an overview of our environmental, social and governance (ESG) performance; and a governance section, which presents detailed reporting of our corporate governance statements including reports from each Board Committee.

SUSTAINABILITY REPORT 2023

Our Sustainability Report provides a detailed account of SD Plantation's approach to sustainability, our sustainability governance as well as the material matters that we have identified and which guide us in creating sustainable value for our stakeholders. Referencing the Global Reporting Initiative (GRI) standards, it also provides a detailed account of management's approach to each material matter, our initiatives to manage them, and our performance.

COVER RATIONALE

SD Plantation's goal is simple: make the industry more sustainable for the benefit of everyone. Innovation and sustainability are the twin pillars guiding our growth, shaping a thriving and responsible palm oil industry.
By harnessing the power of innovation, we unlock sustainable solutions that benefit our people, communities, and the planet. We also embrace mechanisation, automation, and digitalisation to improve efficiency and attract skilled local talent.

About This Report

SCOPE AND BOUNDARY OF REPORTING

Contents of this report cover the operations of SD Plantation including our subsidiaries and joint ventures during the financial year period from 1 January 2023 to 31 December 2023, unless stated otherwise.

TARGETED READERS

This report has been prepared primarily for the providers of financial capital, namely our investors, financiers and shareholders. It is also relevant to any stakeholder interested in how we balance our vision for growth against environmental and social imperatives while upholding good corporate governance.

FORWARD-LOOKING STATEMENTS

In this report we have included certain forward-looking statements relating to future performance. Such statements are premised on current assumptions and circumstances which could change, hence they necessarily involve uncertainty. As various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements, readers are cautioned not to place undue reliance on them.

MATERIALITY

In preparing contents for this report, we have been guided by matters that are of material interest to the providers of financial capital and other stakeholders. These material matters have been determined by extensive stakeholder engagement as well as internal evaluation. They also reflect existing and emerging risks and opportunities which could affect SD Plantation's ability to create value.

REPORTING FRAMEWORK

All financial statements in this report have been prepared in accordance with the requirement of the:

- Main Market Listing Requirements issued by Bursa Malaysia
- Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia
- Malaysian Code on Corporate Governance (MCCG) 2021 issued by Securities Commission Malaysia
- Companies Act 2016
- Malaysian Financial Reporting Standards

Our non-financial statements, including climate-related disclosures, have been guided by the:

- Taskforce on Climate-related Financial Disclosures (TCFD)
- Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
- Sustainability Accounting Standards Board (SASB) Sector Specific Disclosures
- International Federations of Accounts for International Standard on Assurance Engagements (ISAE) 3000
- ACCA Malaysia Sustainability Reporting Guidelines for Malaysian Companies

FEEDBACK

We welcome all inquiries, comments and feedback on our Integrated Report in order to clarify issues and to further improve our reporting. Please communicate with us through:

communications@simedarbyplantation.com

+(603) 7848 4000

CROSS REFERENCES

You can find more information within the report

You can find more information online in our corporate website: www.simedarbyplantation.com

NAVIGATING OUR REPORT

This report is interactive. You'll find these tools throughout the Report:

Home
Back to contents page

Next/Previous Page
Back to contents page

Print

Doing More With Less, With Game-Changing Innovation

Enhanced Production Without Land Expansion

With our high-yielding GenomeSelect™ seeds, we can produce more palm oil yield from our estates. This means:

- Substantially more yield on existing land
- Preservation of natural carbon sinks
- Biodiversity enhancement as natural habitats are preserved
- Financial savings from not having to purchase more land

Fewer Hands, And Lighter Work

As we continue to push ahead with our mechanisation, automation and digitalisation (MAD) agenda, we are revolutionising the plantation industry, overcoming perennial challenges of:

- Labour shortage to carry out manual work
- Lack of skilled workers
- Perception of being labour-intensive and low-paying

Delivering Value for a Sustainable & Brighter Future

Our journey towards producing the award-winning GenomeSelect™ began 16 years ago:

2007

SD Plantation started work in sequencing the oil palm genome and successfully completed the work in 2009.

2015

Southeast Asia's largest genotyping lab was set up in Serdang, Malaysia at a cost of RM150 million.

2016

The first GenomeSelect™ seeds, renowned for their high yield and stability, were successfully produced and commercially planted by the company in 2016.

2019

Harvest from first batch of GenomeSelect™ palms produced 20% more yield than conventional palms.

2020

Published our genome research in the public domain to accelerate industry-wide research.

2023

GenomeSelect™ seeds, commercialised for sale to local and international palm oil players for the first time .

With increasingly advanced innovation, we have over the years become less and less dependent on hard labour.

Increased Mechanisation

To date, about 700 machines have been rolled out across our Malaysian estates covering all non-harvesting operations from weeding to rat baiting, sanitation and manuring.

Drones

Development of "digital workforce" of drones and unmanned ground vehicles (UGV) for plantation work.

UGVs

Plans for the use of UGVs in fertiliser application and automation of harvesting operations are underway.

Robotics

We use data and robotics to improve productivity and efficiency of our operations.

NEW INNOVATIONS IN 2023

In 2023, we introduced:

- a new Geospacial-AI system enabling us to identify Ganoderma fungus-infected palms
- a new Point-to-Point drone spraying technology to control the Oryctes rhinoceros beetle
- a new method of drone baiting (R-Drop) to apply Rodenticide

Chairman's Message

Dear Stakeholders,

I first joined the Board of Sime Darby Plantation (SD Plantation or the Group) as an Independent Non-Executive Director in June 2022 and was appointed Chairman a year later, upon the retirement of Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas. It is an honour and privilege to helm the Board of a prominent establishment; one that has entrenched its position among the largest producers of certified sustainable palm oil in the world.

Over our long history, SD Plantation has pioneered agricultural best practices and several sustainability initiatives. Today, we are proud to be the first palm oil company to have our net-zero targets approved by the Science Based Targets initiative (SBTi). This validation came a year after we announced our commitment to achieving net-zero greenhouse gas (GHG) emissions across our value chain by 2050, in line with the Paris Agreement target to limit the rise in global temperature to no more than 1.5 degrees Celsius. We have made equal strides in ensuring our operations are cleared of forced labour, setting the benchmark for the industry.

As Chairman, I see it as my duty to ensure SD Plantation continues in the trajectory towards a future that lives up to our 200-year legacy. Together with my fellow Board members and the leadership team, I look forward to guiding the Group into the next phase of our growth.

“We have demonstrated resilience across the teams that have worked diligently to navigate through volatilities within the industry and global economy.”

Chairman's Message

A WATERSHED YEAR FOR INTEGRITY

Challenges are inevitable in any industry but are more pronounced in ours given the scale of our operations, our large employee population, and the potential environmental and social impact. To manage these challenges, players have been adopting increasingly more responsible practices. Guided by our core values as well as the principles of the Roundtable on Sustainable Palm Oil (RSPO), SD Plantation has from the outset implemented comprehensive policies and procedures to safeguard the environment and support our internal and external communities. Nevertheless, our journey has taught us that there can be no room for complacency. To uphold integrity across our value chain consistently, it is critical that we continuously review our frameworks and, more importantly, strengthen our mechanisms to monitor efficacy.

It was inspiring to see the tenacity of the team at SD Plantation when addressing the import restrictions imposed by the United States Customs and Border Protection (USCBP). Beyond having this import restriction lifted, the Board was pleased with the development and implementation of a more rigorous Migrant Worker Responsible Recruitment Procedure (RRP). We also welcomed the move to implement key enablers that empower our workers to voice any concerns without fear of reprisal or other repercussions.

I am humbled by the commitment among the management team and those in operations who are implementing various new initiatives and monitoring their impacts. Sweeping changes are never easy; thus, there will be constant focus to ensure continued adherence to all the new programmes introduced.

STRONG OPERATIONAL & FINANCIAL PERFORMANCE

The year 2023 was one of mixed blessings. While the weather was largely conducive to oil palm growth and fresh fruit bunch (FFB) production, the continuing labour shortage in our Malaysian operations hindered optimum performance in the first half of the year. Nevertheless, by the third quarter we were able to bring in a sufficient number of workers to meet our needs. This allowed the Malaysian team to push ahead with a massive rehabilitation programme whilst implementing ongoing operational excellence initiatives. The result was a marked increase in crude palm oil (CPO) and palm kernel (PK) yields in our home market.

In our downstream operations, Sime Darby Oils (SDO) continued to pursue business transformation programmes, achieving positive results in the areas of digitalisation, safety, and innovation. Working closely with our mills and the Research & Development team, SDO has been able to produce healthier oils, which will be well received by our customers.

A milestone development this year was the commercialisation of GenomeSelect™ seeds which were developed in-house, and promises 10% – 34% more oil yield per hectare. Launched in the market in November 2023, sales to date have been encouraging, with take-up from both local and international players.

Overall, the Group achieved a revenue of RM18.43 billion, 12% lower year-on-year (YoY), while our profit attributable to equity holders of the Company came in at RM1.86 billion, 25% lower YoY, mainly because of the 15% decrease in realised CPO price. Based on these numbers, the Board has approved a final dividend of 6.05 sen per share. This, combined with the interim dividend of 3.25 sen per share and special interim dividend of 5.70 sen per share, translates to a total single tier dividend of 15.00 sen per share for FY2023. The Group has consistently met our dividend policy since the listing in 2017.

GenomeSelect™ seeds which were developed in-house, promises 10% – 34% more oil yield per hectare.

BUILDING OUR SUSTAINABILITY SCORECARD

The validation of our SBTi targets in 2023 illustrates the Group's steadfast commitment towards mitigating and addressing our impact on climate change.

By studying the potential impacts from rising sea levels and how it could affect our operations, we will continually evolve to adapt our efforts in sustainability. Our climate-related disclosures, an example of our commitment to transparency, are guided by the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Looking ahead, we aim to align these disclosures with the financial reporting requirements of the International Sustainability Standards Board (ISSB). Our objective is to provide stakeholders with more detailed and transparent climate-related reporting that meets their expectations and needs.

ENHANCED GOVERNANCE PRACTICES

At the heart of our operations lies a commitment to good governance. Guided by the Malaysian Code on Corporate Governance (MCCG) issued by the Securities Commission Malaysia, Bursa Malaysia's Main Market Listing Requirements (MMLR), and their equivalents in each country where we operate, we continuously enhance our practices to meet evolving standards.

We have further strengthened our Board diversity, with 40% of the Board comprising women directors, up from 30% last year. Following the annual review of our Code of Business Conduct (COBC), we also made revisions to our Conflict of Interest Guidelines and other internal policies.

Succession planning is another area that the Board focusses on as it is critical to leadership continuity. We nurture and develop talent to meet our present and future needs. Individuals showing exceptional potential are provided with accelerated development opportunities curated to enhance their skills. Employees who have been identified to take on critical positions are enrolled in prestigious executive education programmes, including those offered by the International Institute for Management Development (IMD), Harvard and the Center for Creative Leadership (CCL) for a more intense leadership development experience. Our talent also benefits from the dedicated support provided by executive coaches to guide them through their leadership journey.

ACKNOWLEDGEMENTS

The last few years have been particularly challenging for SD Plantation, yet we have emerged stronger, to chart the way forward to a brighter future. We have demonstrated resilience across the teams that have worked diligently to navigate through volatilities within the industry and global economy. To our Management and employees, thank you for your hard work and dedication to our shared goals and vision.

To my colleagues on the Board of Directors, thank you for your vote of confidence in electing me Chairman, as well as for continuing to guide the Group with wisdom and integrity. On behalf of the Board, I would like to extend a special note of gratitude to our previous Chairman, Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas, who retired on 15 June 2023, for his leadership through some difficult times; as well as to Senator Datuk Seri Amir Hamzah Azizan, who stepped down from the Board on 12 December 2023 following his appointment as Finance Minister II. We would also like to welcome Mohd Irwan Ahmad Mustafa, who joined us on 23 August 2023 as Non-Independent Non-Executive Director and, at 43, has the distinction of being our youngest Board member; Jenifer Thien Bit Leong, who came on board on 22 December 2023 as an Independent Non-Executive Director; and our most recent addition, Sharifah Sheila Syed Muhamad, who joined us as a Non-Independent Non-Executive Director on 5 February 2024, replacing Senator Datuk Seri Amir Hamzah Azizan. With these new appointments, I expect robust discussions that will benefit all of us, particularly the company we are all dedicated to.

I also record my sincere appreciation to all our external stakeholders who have been integral to the many milestones we have achieved. To each of our shareholders, customers, suppliers and partners, thank you; with your continued support we can look forward to a promising future for SD Plantation.

TAN SRI DR NIK NORZRUL THANI NIK HASSAN THANI
Chairman

Our senior management attended the EY Disruptive Technology Programme at Silicon Valley, California, USA, in September 2023.

Group Managing Director's Review

The year 2023 was significant in more ways than one, as it marked 'new beginnings' for Sime Darby Plantation (SD Plantation or the Group) when we demonstrated resilience, the capacity to pivot and refresh, and the willingness to embrace change.

The year was marked by overcoming the ban imposed by the United States (US) Government on our products; resolution of a legacy legal issue in one of our operations; and addressing two years' worth of labour shortage issues that had impacted productivity. Another milestone was the commercialisation of our GenomeSelect™ seeds, the culmination of 16 years of research into oil palm genomics. We expect to make inroads into key markets, opening a whole new avenue for growth. Importantly, we continue to develop interesting leads and explore options and opportunities in the innovation journey we embarked on in 2021. In essence, we emerged from the year revitalised and ready for a new phase of growth in an industry that is evolving.

It gives me pleasure to present a review of our performance.

A YEAR OF TWO HALVES

The year got off to an uncertain start. The United States Customs and Border Protection (USCBP) ban was still in place and the labour shortage that began in the pandemic years was still hindering plantation operations.

Nearly a year after the submission of our report to the US Government, on 3 February 2023 the ban was lifted, and we resumed exports to the US. This was the result of rigorous efforts to review, revise and, where necessary, upgrade our protocols for recruiting, managing and engaging with our workers. However, by then, our Malaysian plantations were in dire need of rehabilitation, a task that was impossible earlier due to the labour shortage.

Thus, we focussed on two priorities in tandem, namely, recruiting the workers needed for our upstream operations, and increasing efforts to find solutions to reduce dependence on manual labour. The latter, codenamed Project Infinity, is about transforming SD Plantation into an Industrial Revolution 4.0 organisation through the adoption of mechanisation, automation and digitalisation.

We started the year short of about 5,000 workers. With diligence and persistence, we were able to address the deficit in phases, achieving our goal by the end of the third quarter. At the same time, supported by highly capable Research & Development (R&D) and Digital teams, we continued to explore several cutting-edge technologies around the world, including the use of autonomous vehicles and drones to substantially enhance the productivity of our plantations.

The expedited recruitment of workers helped significantly to increase both our plantation yield and the quality of our harvested fresh fruit bunches (FFB), cushioning the effects of lower crude palm oil (CPO) and palm kernel (PK) prices. For the year as a whole, the Group's FFB production in Malaysia increased 18% year-on-year (YoY) to 4.15 million metric tons (MT), while our oil extraction rate (OER) was 20.40%, as compared to 19.99% in 2022. Over in Indonesia, unusually hot and dry weather weather due to the early effects of El Nino led to a 3% decline in productivity to 2.68 million MT; however, OER increased from 21.32% in 2022 to 21.66% as a result of replanted areas coming to maturity. In Papua New Guinea and the Solomon Islands, shrinking mature areas due to aggressive replanting, as well as heavy rains that affected harvesting, led to both production and OER declining marginally, the former by 2% to 1.87 million MT and the latter by 0.62% to 22.06%, still the highest rate across the Group. Results for the Group collectively were extremely encouraging, with overall FFB production increasing 6% to 8.71 million MT and OER improving by 0.08% to 21.18%.

In the downstream operations, Sime Darby Oils (SDO) overcame the challenges faced in 2023, achieving higher refining margins, particularly in Europe and Africa, with an impressive 166% YoY growth. This remarkable achievement was driven by firm selling prices and reduced costs resulting from lower feedstock prices and decreased energy costs. Furthermore, SDO demonstrated its dedication to sustainability and market responsiveness by experiencing a significant 144% increase in physical sales of fully segregated and mass balance oils.

“We leverage on mechanisation, automation and digitalisation to increase efficiencies, drive productivity and, ultimately, secure our sustainability.”

Group Managing Director's Review

Mainly as a result of the 15% decrease in the average CPO price realised, from RM4,456 per MT in 2022 to RM3,772 per MT in 2023, SD Plantation's revenue decreased by 12% to RM18.43 billion. Profitability, meanwhile, was impacted by higher cost and lower downstream profits, leading to a net profit of RM1.86 billion compared to RM2.45 billion in 2022.

For more information on our financial performance, please read our CFO's Review on pages 52 to 55 of this report.

CORPORATE UPDATES

As part of an asset rationalisation programme, we disposed of our equity stake in two plantations in Indonesia – PT Ladangrumpun Suburabadi (LSI) and PT Sajang Heulang (SHE) – for IDR1.75 trillion (approximately RM530.25 million). The sale enabled us to settle an IDR1.65 trillion (about RM488.4 million) legal claim in early 2022, while resolving a legacy dispute matter.

In Malaysia, we have started to convert our rubber estates to alternative land uses, including solar development, that offer higher returns. If they agree, workers from the rubber estates will be redeployed to our oil palm plantations, where there is alignment to operational needs.

MOVING FORWARD

If we had to state just one reason why SD Plantation has thrived for more than 200 years, it is that we have constantly adapted to change, often leading the charge towards new frontiers in the industry. In 2022, as our last five-year strategy was coming to an end, we developed a new charter that considered shifts in the global environment. This roadmap, rolled out in 2023, has catalysed a high level of collaboration across functions Group-wide, bringing the entire team together to achieve the goals set in Operational Excellence, Innovation and Sustainability, which will serve to sustain our market leadership.

Operational Excellence

We leverage on mechanisation, automation and digitalisation (MAD) to increase efficiencies, drive productivity and, ultimately, secure our sustainability. As of at the end of 2023, 705 machines have been rolled out in our Malaysian estates, covering all non-harvesting operations, namely weeding, rat baiting, sanitation and manuring. This includes 10 new machines and a new Geospatial Analytic (Geo-AI) programme introduced in 2023. The Geo-AI system integrates our mapping capabilities, thus enabling us to identify Ganoderma fungus-infected palms. As a result of MAD, we are gradually reducing our labour requirements. In 2023 itself, we were able to reduce our non-harvesting workforce in Upstream Malaysia by 1,723 workers. Our end goal is to achieve a land to man ratio of 17.5ha:1, from 12.7ha:1 today, (which is already better than the industry average of 8ha:1), with Phase 1 aiming to achieve a ratio of 15ha:1 before 2027. The most challenging, and labour-intensive aspect of plantation operations to mechanise is harvesting. To date, no oil palm plantation has been able to achieve this 'holy grail', and hence it is exciting that we are making credible progress in this area. Several harvesting prototypes are currently being tested and we hope to finally roll out one or more of these in the future.

"We aspire to achieve a 100% local workforce for all non-harvesting work in our Upstream Malaysia operations by end-2027."

We aspire to achieve a 100% local workforce for all non-harvesting work in our Upstream Malaysia operations by end-2027. With automation and machinery taking over physically demanding tasks, we will be able to attract more Malaysians to undertake tech-related functions that would also command higher salaries. Since the pandemic and restrictions on the recruitment of foreign workers, we have intensified all efforts to recruit more Malaysians, and have achieved notable success, attracting a total of 9,857 locals through various recruitment drives. Of this number, about 700 of our new recruits are in high-value jobs such as machine specialists, assistant technicians and field officers. We are also collaborating with technical and vocational education training (TVET) centers to equip students and trainees with skills that are relevant to plantation operations. We are also focussing on attracting more women to join the workforce, particularly in areas which have been mechanised. This will serve to dispel the notion that plantations are for men only, and go a long way towards creating the gender equality that we seek to achieve.

Innovation

The spirit of innovation continues to drive our operational excellence, and stems from the work being carried out in our R&D centres. In upstream operations, we created a breakthrough in 2009 by deciphering the oil palm genome. Through commercial-scale field testing, GenomeSelect™ has demonstrated an increased oil yield per ha of 10% - 34%. We have been progressively replanting our Malaysian estates with this seed since 2016, covering more than 10,000 ha to date and is set to increase significantly from this year onwards. We have sufficient seeds for more than 80% of our current requirement and are projected to have surplus quantities after 2026. This inspired us to allocate some 300,000 seeds for sale to our partners in early November 2023. From an innovation that served our own purposes, GenomeSelect™ is set to become a viable business on its own.

Also in upstream operations, our digital experts continue to develop more platforms for precision agriculture and plantation management. This year, various upgrades were made to Palm Digital, our plantation management application which helps to improve our fertiliser management processes, digitise in-field operations and improve yields through data-driven decisions. The team is also working on expanding the use of autonomous vehicles and drones, pushing the boundaries as we seek solutions for challenging tasks. We believe that one day, these will be common sights in our plantations.

Meanwhile, collaborating closely with mills across the Group, our biotechnologists have developed oil mill procedures and analytical protocols allowing us to reduce to almost zero the mineral oil saturated hydrocarbons (MOSH) and mineral oil aromatic hydrocarbons (MOAH) contaminants in our products. This is a significant achievement as it opens many markets for SDO's pure and healthy oils, adding another feather in our cap

We have sufficient GenomeSelect™ seeds for more than 80% of our current requirement.

as we continue to seek excellence in quality, sustainability, innovation and digitalisation. This will further differentiate our oil with other players in the industry since we believe Not All Palm Oil is Created Equal.

Sustainability

SD Plantation was one of the founding members of the RSPO in 2004. We fully acknowledge the onus on oil palm players to adopt environmentally friendly and socially inclusive practices to minimise the negative impacts that have traditionally been associated with our industry. This has led to the Group becoming a frontrunner in the early adoption of best practices in sustainability. In 2023, we have continued to focus on three sustainability priorities – climate action, human rights and responsible sourcing.

Climate Action

In support of the global transition to a low-carbon economy, we have set the target of achieving 50% non-Forest, Land and Agriculture (FLAG) carbon emissions reduction by 2030 and net-zero emissions by 2050, from a 2020 baseline. We have also developed a Net-Zero Roadmap to steer us towards these goals. In November 2023, the Science Based Targets initiative (SBTi) approved our near-term and net-zero targets, making us the world's first palm oil company to attain this recognition.

Guided by our Net-Zero Roadmap, we are increasing our investments in renewable energy (RE). In 2023, we completed two biogas plants in our operations and began the construction of three more as we work towards a total of 45 plants by 2030. We also secured a 15 Megawatt quota for the development of our first solar plant in Bukit Selarong, Kedah, Malaysia, under the Energy Commission's Corporate Green Power Programme (CGPP). In addition, we continue to install solar rooftops in all feasible buildings in our operations, including our headquarters; and solar-powered fertigation systems in our estates.

We committed to No Deforestation, No Peat and No Exploitation (NDPE) in 2016. Meanwhile, large-scale tree planting and reforestation initiatives are underway in an effort to build up natural carbon sinks. During the year, we planted 470,641 trees in partnership with Nestlé Malaysia under its RELeaf Programme in Malaysia. We are also working with the Malaysian Palm Oil Green Conservation Foundation (MPOGCF) as co-founders of a project to restore 400 ha of peatland in Sarawak. The first phase of this initiative was launched in January 2024.

Our commitment to emissions reduction and responsible practices in general extends across our supply chain. I'm pleased to share that, because of regular engagements with our suppliers, 75% of them comply with the principles of NDPE.

Group Managing Director's Review

Human Rights

While we take pride in respecting and upholding human rights, the USCBP action against the Group was a wake-up call to the gaps that existed in areas not within our immediate line of sight. Following the USCBP ban, we conducted a thorough review of all protocols related to the International Labour Organization (ILO) 11 indicators of forced labour and, where necessary, revised or upgraded these guidelines. Our commitment to the highest standards of human rights practices was not only acknowledged by the US agency, but it was also validated by the RSPO in its own assessments, the final one conducted in May 2023.

We have since extended the exemplary practices implemented in Malaysia to enhance workers' welfare, into our global plantations. There is now more open dialogue with workers in Indonesia, where we have also made available an independent grievance channel and deployed a mobile application that quickens housing repairs. Meanwhile, in Papua New Guinea and the Solomon Islands, we have initiated a 10-year workers' housing improvement plan in line with ILO and national housing standards.

Responsible Sourcing

As one of the world's largest producers of certified sustainable palm oil (CSPO), we engage extensively with and support our smallholders to enhance their agriculture practices and attain the relevant sustainability certifications. To date, no less than 18,000 of our smallholders are RSPO certified. During the year, three Indonesian suppliers achieved RSPO certification, and another obtained the Indonesia Sustainable Palm Oil (ISPO) certification.

Another major exercise is the enhancement of our existing system to enable traceability of the palm oil we buy from third parties. This presents an opportunity for us to build trust with our customers. Thanks to a robust traceability system, our Traceability to Mill (TTM) currently stands at 93.2%, while our Traceability to Plantation (TTP) is at 70.9%. We are actively working to increase our TTP, exploring different solutions for spot market purchases through indirect suppliers who might lack immediate information about their upstream sources.

DEVELOPING & EMPOWERING OUR PEOPLE

It is a fact that we are only as good as our people. We therefore strive to attract the best talent and, subsequently, nurture and help them realise their true potential. In addition to providing broad-based training and development programmes, we identify skills that are required by the Group and shape our training to cater to these.

Our upstream operations are actively expanding the utilisation of autonomous vehicles and drones to perform tasks and push technological boundaries.

Today, as we transition into a high-tech, data-driven organisation, we are investing heavily into upskilling our people in various digital areas. In 2023, we launched our own Digital Academy, offering a range of modules, from the basics to more advanced. We are also leveraging the digital platform to empower self-directed learning. In June, we launched a Learning on Demand (LoD) programme powered by LinkedIn, offering more than 10,000 courses and videos for individual and team development. We have seen encouraging responses to this, with more than 1,847 employees completing over 159,554 modules on a variety of topics.

[1] *S&P: Commodities 2024: Palm oil sees global recovery on biodiesel demand, stagnant supplies, 22 December 2023*

In addition to professional development, we are placing greater emphasis on employee well-being. Since the pandemic, we have noticed increased stress levels, inspiring us to partner with NALURI, a Malaysia-based specialist in employee assistance programmes, to enhance our wellness initiatives. Concentrating initially on mental health, the programme has expanded to encompass physical and financial wellness. Employees in Malaysia also have access to a 24/7 wellness careline which is operated on a confidential basis.

"Today, as we transition into a high-tech, data-driven organisation, we are investing heavily into upskilling our people in various digital areas."

OUTLOOK

In 2024, industry pundits are predicting that CPO production in Malaysia will remain stable at around 18.7 million MT, whilst Indonesia's CPO production will remain stagnant, with dry weather, precipitated by El Nino, weighing down on yields. At the same time, demand for palm oil is expected to increase, not just for food applications but also as a biodiesel feedstock. In tandem with the Indonesian Government's B35 programme, demand to meet the country's biodiesel needs will grow substantially and in 2024 may even exceed that for food.[1]

With the potential reduction in supply and corresponding increase in demand, SD Plantation looks forward to brighter prospects. Thanks to having overcome our labour shortage, acceleration of our mechanisation/automation programme, and replanting with our GenomeSelect™, we are confident of stronger production and yield. Meanwhile, efforts to enhance quality and efficiencies in our downstream operations are bearing fruit and will create more growth opportunities. These will be supported by significantly enhanced production capacity once the Sei Mangkei refinery in Indonesia is completed. The refinery is our biggest downstream investment in Indonesia, and we look forward to its commercialisation.

As we enter a new chapter of growth, we will be guided by our Strategy Blueprint which will ensure continued sustainability, creating value for the Group and for all our stakeholders. I am taking this opportunity to thank our shareholders and the entire SD Plantation family, from our Board of Directors to everyone in our workforce, for coming together in 2023. By *Championing Innovation, Advancing Sustainability*, we have further strengthened the Group's fundamentals, planting the seeds for a sustainably bright future.

DATUK MOHAMAD HELMY OTHMAN BASHA
Group Managing Director

The Group at a Glance

Financial Highlights

Profit Before Interest and Tax
RM2.93 billion
(2022: RM3.62 billion)

Revenue
RM18.43 billion
(2022: RM21.03 billion)

Basic Earnings per share
26.9 sen

EBITDA
RM4.36 billion
(2022: RM4.99 billion)

Return on Shareholders' Equity
10.5%

Total Assets
RM31.90 billion
(2022: RM31.1 billion)

Net Dividend Per Share
14.7 sen
(2022: 16.0 sen)

Certification

RSPO-1106024 Roundtable on Sustainable Palm Oil (RSPO)

Malaysian Sustainable Palm Oil (MSPO)

Indonesia Sustainable Palm Oil (ISPO)

Key Highlights

Present in **over 90 countries**

Operating in **12 countries**

Oil Extraction Rate **21.18%**

Sales Volume **3,393,000** Metric Ton

Total Employees Globally **>84,000**

Produce 12% of global certified sustainable palm oil

Awards & Recognitions

4th Place SPOTT
Sustainable Palm Oil Transparency Toolkit

- ASEAN Energy Awards (AEA), 2nd Runner Up, Energy - On Grid Category
- MDBC Innovation & Sustainability Awards (MISA 2023), Winner, Outstanding Malaysian Investor in the Netherlands
- ESG Positive Impacts Awards 2022, Silver Award, Governance, Reporting and Transparency (Governance Category)
- ESG Positive Impacts Awards 2022, Silver Award, Human Rights & Labour Standards (Social Category)
- ESG Positive Impacts Awards 2022, Silver Award, Waste Management (Environment Category)
- ESG Positive Impacts Awards 2022, Gold Award, Transformation (Others Category)
- ESG Positive Impacts Awards 2022, Gold Award, Supply Chain Management (Others Category)
- HR Excellence Awards 2023, Bronze Award, Talent Management
- Human Resource Development Awards 2023, Certificate of Excellence
- PwC Malaysia's Building Trust Awards 2023, Third Place (FBM KLCI category)

Credit Ratings

MALAYSIA RATING CORPORATION BERHAD	FITCH RATINGS	MOODY'S INVESTORS SERVICE (MOODY'S)
AAA STABLE	BBB STABLE	BAA2 STABLE

Indices Representation

BURSA MALAYSIA
FTSE4Good

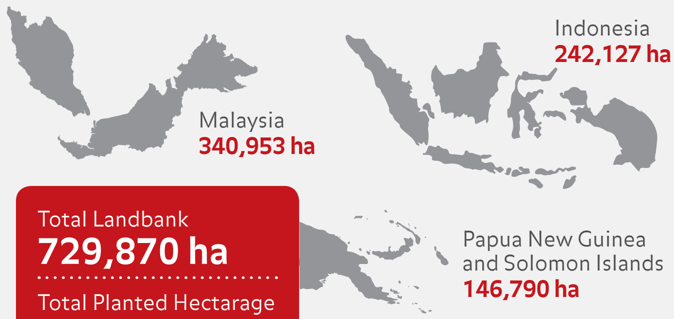
What We Do: Core Business Segments

Sime Darby Plantation (SD Plantation) is involved in the upstream and downstream sectors of the palm oil industry as well as renewable energy (RE), each supported by strong research & development (R&D) capabilities.

UPSTREAM

Our upstream business encompasses the end-to-end production of crude palm oil (CPO), from the development of seeds to the nurturing of oil palm seedlings in our nurseries, through to plantation and harvesting operations, and finally milling of fresh fruit bunches (FFB) to produce CPO and palm kernel (PK). This extensive chain comprises 234 estates and 68 palm oil mills in Malaysia, Indonesia, Papua New Guinea and the Solomon Islands. In addition, we grow sugarcane and rear cattle.

Total Landbank



Total Landbank
729,870 ha

Total Planted Hectarage
568,323 ha

DOWNSTREAM

Our downstream operations, represented by Sime Darby Oils (SDO), produce and market oils and fats, oleochemicals, palm oil-based biodiesel, nutraceuticals as well as other palm oil derivatives via a network of refineries, kernel crushing plants and sales offices across 11 countries in Asia, Oceania, Europe, Africa and the United States of America (USA).

Our operations are located in:

- Malaysia
- Indonesia
- Singapore
- Thailand
- China
- South Africa
- Germany
- The Netherlands
- USA
- United Kingdom
- Papua New Guinea

11 refineries – total capacity of 3.99 million metric ton (MT) per year

Others:
1 total bulking installation
4 kernel crushing plants
1 biodiesel plant
1 soya crushing plant
2 copra mills

RENEWABLES

Our commitment to sustainability led to the development of Sime Darby Plantation Renewable Energy Sdn Bhd (SDPRE), which focusses on value accretive activities in the renewable energy sector. Leveraging on assets and by-products of our core business, we are involved in solar, biogas and biomass projects that contribute to the Group's goal of achieving net-zero emissions across our value chain by 2050. We participate in various business capacities ranging from supplying feedstock to being a landowner and investor.

1,060 MWh electricity generated from **rooftop solar installations**

Total avoided emissions of **65,818 tCO_2e** through **effective biogas electricity exportation**

Commissioned **2 new biogas plants**

Total Capacity of Biogas Plants **83,630 MWh**

RESEARCH & DEVELOPMENT

Our R&D capabilities encompass all research requirements across our integrated value chain. Through strategic and operational R&D, we are committed to developing, applying and transferring relevant knowledge, research findings and technologies to improve productivity and yields in our plantations and milling processes while empowering our downstream operations to produce the highest quality refined and customised products for customers. Through R&D, we also advance all our sustainability efforts, with a focus on protecting the safety of our people and well-being of the planet and its biodiversity.

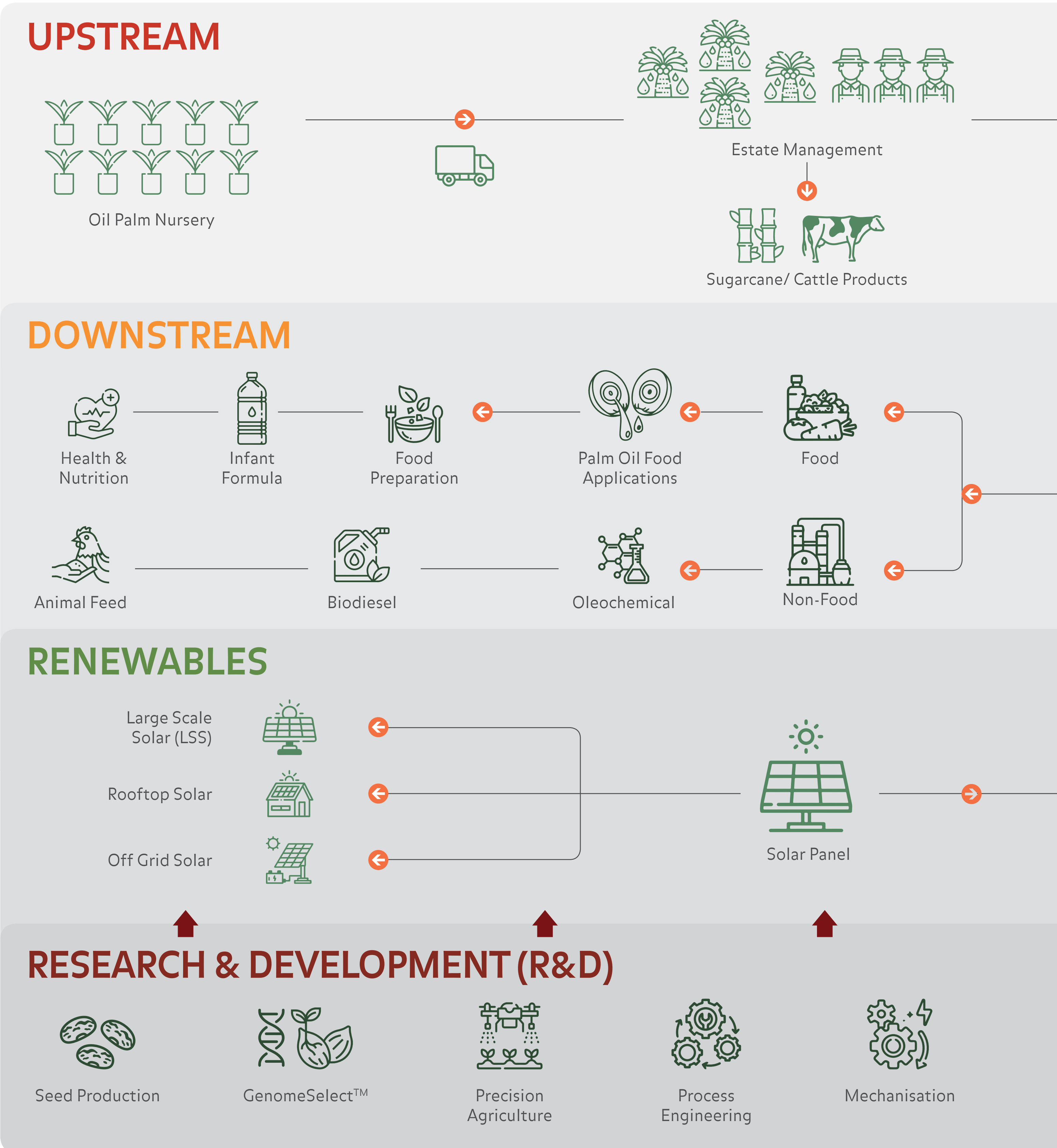
5 R&D Centres in Malaysia, Indonesia and Papua New Guinea

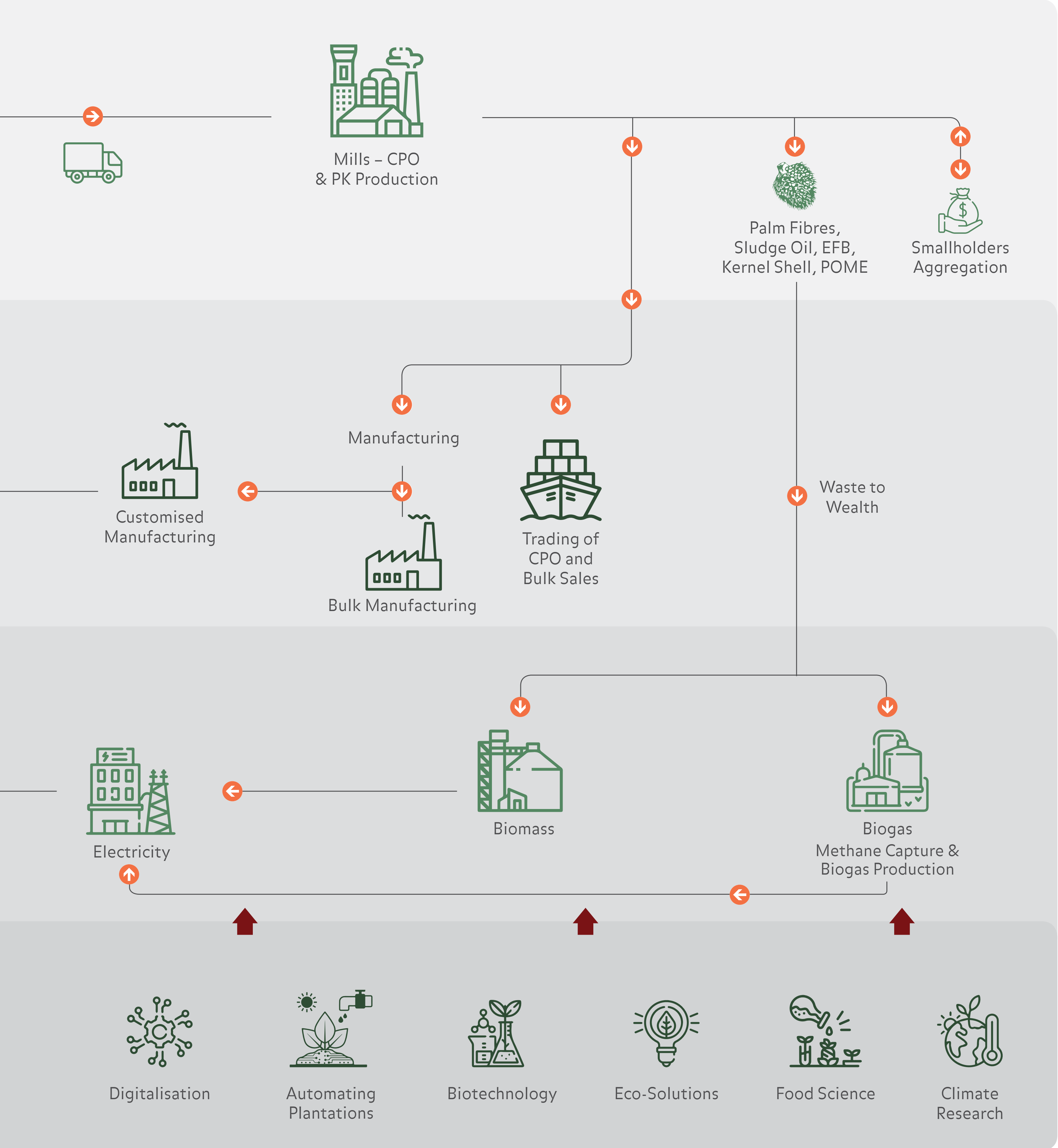
Fully operational **genetic testing facility** in Malaysia to commercialise high yielding oil palm with secondary traits for harvesting efficiency and climate resilience

3 Innovation Centres in Malaysia, the Netherlands and South Africa

Developing better seedlings and systems to enhance plantation yields

Our Integrated Value Chain




Mills – CPO & PK Production
Palm Fibres, Sludge Oil, EFB, Kernel Shell, POME
Smallholders Aggregation
Manufacturing
Customised Manufacturing
Bulk Manufacturing
Trading of CPO and Bulk Sales
Waste to Wealth
Electricity
Biomass
Biogas Methane Capture & Biogas Production
Digitalisation
Automating Plantations
Biotechnology
Eco-Solutions
Food Science
Climate Research

Corporate Milestones

(1917 -2023)

1917

The first commercial planting of oil palm in Malaysia took place in Tennamaram Estate, Selangor, laying the foundations for the industry in the country.

1929

Research and development (R&D) in Kumpulan Guthrie Berhad commenced with the establishment of the Chemara Research Station.

1949

Chemara Research Station became Malaya's first R&D center to breed DxP palms, significantly enhancing yields and boosting oil palm's viability as an agricultural crop.

2001

Kumpulan Guthrie Berhad acquired Salim Group's plantation interest in Indonesia which increased its landbank by more than 260,000 hectares in Sumatra, Kalimantan and Sulawesi. This acquisition laid the foundation for the modern day Minamas Plantation.

1992

Golden Hope Plantations elected to the United Nations Environment Programme's (UNEP) Global 500 Roll of Honour for the commercialisation of Zero Burning Practice.

1990

Biological control for Integrated Pest Management (IPM) introduced in all plantations.

2004

RSPO-1106024

Golden Hope Plantations Berhad became a pioneer member of the Roundtable on Sustainable Palm Oil (RSPO).

Kumpulan Guthrie Berhad became the first plantation company in the world to receive the EUREPGAP (European Retailers and Producers Good Agriculture Practices) certification for plantation management.

2011

Gender Policy and Gender Committees, were established throughout SD Plantation's estates and mills to ensure development of female leadership and to promote active women participation in the workforce.

2010

SD Plantation launched an industry-first Child Protection Policy focussing on the protection of children living within its estates. The Policy included amongst others, the protection of children against maltreatment and the provision of access to protection mechanisms and education.

1954

Chemara Research Centre set up a pisifera garden, enhancing DxP seed production and raising national yields by 33% with new planting materials.

1955

Harrisons & Crosfield's Palm Oil Research Station was established in Klanang Bahru estate, Banting, by research officer Brian Gray.

1960

Kumpulan Guthrie Sdn. Bhd. was incorporated.

1981

The Dawn Raid: Permodalan Nasional Berhad (PNB), acquired Guthrie Corporation Limited (GCL) bringing GCL under Malaysian control.

1989

Kumpulan Guthrie Berhad was listed on the Kuala Lumpur Stock Exchange.

1985

Golden Hope Plantations Berhad introduced the Zero-burning Replanting Technique to replace the traditional slash-and-burn method of clearing land.

2007

Merger of Kumpulan Guthrie Berhad, Golden Hope Plantations Berhad and Sime Darby Berhad to form the new Sime Darby Berhad. All plantation activities and operations were consolidated under a subsidiary, Sime Darby Plantation Sdn. Bhd. (SD Plantation).

2008

SD Plantation's Sandakan Bay Strategic Operating Unit (SOU) became the first SOU to receive RSPO certification in the company.

2009

SD Plantation decoded the oil palm genome, leading to the development of GenomeSelect™.

2016

SD Plantation launched its Responsible Agriculture Charter (RAC).

SD Plantation commenced the first large-scale planting of GenomeSelect™, its highest yielding oil palm seed to date, which would allow the company to further increase oil yield on existing land.

2015

SD Plantation acquired New Britain Palm Oil (NBPOL).

2017

SD Plantation became Malaysia's first ever company to win the Edison Award (Bronze Medal) under the Energy and Sustainable category for its GenomeSelect™.

Sime Darby Berhad demerged to create 3 iconic pure-play standalone businesses. SD Plantation was listed on Bursa Malaysia.

2021

SD Plantation began aligning its climate-related disclosures with TCFD recommendations

SD Plantation officially announced Project Infinity - its initiative towards accelerated mechanisation as well as automation and digitalisation to reimagine plantation operations and reduce its dependence on manual labour.

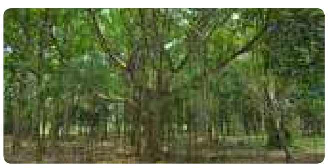
2022

SD Plantation announced Project OMEGA – a programme to transform all its mills in Malaysia, Indonesia and PNG into certified foodsafe facilities.

SD Plantation announced its 2050 net-zero commitment with a clear roadmap, a landmark moment for the palm oil industry.

2014

SD Plantation became the founding member of the HCS Science Study and committed to the Sustainable Palm Oil Manifesto, which set higher sustainability standards for growers, traders, end-users, and other stakeholders in the industry.



2013

SD Plantation established its Prevention of Sexual Harassment Policy.

2012

SD Plantation became the world's largest producer of Certified Sustainable Palm Oil.

2018

SD Plantation achieved 100% Malaysian Sustainable Palm Oil (MSPO) certification and became the largest producer of MSPO certified palm oil.

2019

SD Plantation launched 'Crosscheck', an open access online tool that allows everyone to trace sources of SD Plantation's palm oil in its supply chain.

2020

SD Plantation published its Genome research to help accelerate the effort by other plantation players in increasing palm oil yield on existing land and stopping deforestation.

SD Plantation achieved 100% RSPO Certified mills

2023

SD Plantation became the world's first palm oil company with fully validated net-zero targets.

SD Plantation kicked off 400-hectare Peatland Restoration in its operations in East Malaysia.

SD Plantation commercially launched its super high-yielding palm oil seed, GenomeSelect™.

SD Plantation's Integrated Approach to Value Creation

Value creation is integral to our business and strategies at Sime Darby Plantation. We recognise that, to create value for the Group, we need to protect not only the Group's interests but also those of our stakeholders. This is achieved through continuous assessment of our operating environment and engagement with our stakeholders leading to the identification of material matters. Focus on our material matters, in turn, guides the effective allocation of resources towards the attainment of our corporate goals.

Assess Our Context

Evaluate Our Operating Environment

See page 36

We analyse our operating environment and identify mega trends, risks and opportunities which have the greatest impact on our ability to create value in the short, medium and long term. These include global and regional shifts in supply and demand of oils (both food and fuel), competition, changing regulatory requirements, customer trends, as well as increasing social and environmental requirements.

Identify Risks & Opportunities

See page 41

Our ability to create value is impacted by risks that could derail the attainment of our goals; and opportunities that could accelerate or accentuate positive outcomes. We have in place a comprehensive risk management framework that allows us to identify these risks and opportunities, and manage them as we pursue our strategic and business objectives.

- R1 Geopolitical Risk
- R2 Supply Chain Risk
- R3 Legal and Regulatory Risk
- R4 Climate and Sustainability Risk
- R5 Operational Risk
- R6 People Risk
- R7 Competition Risk
- R8 Commodity Risk
- R9 Financial Risk

Strengthen Stakeholder Engagement

See page 25

Proactive engagement with key stakeholders allows us to understand their needs and be responsive to their expectations, prioritising what each stakeholder group values the most. In the process of delivering sustained value to all our stakeholders, we develop quality relationships with them which contribute to the continued growth and sustainability of our business.

- S1 Customers
- S2 Employees
- S3 NGOs/Civil Society Organisations
- S4 Industry Groups & Government Agencies
- S5 Local Communities

Identify Our Material Matters

Material matters are those that could impact our ability to deliver value in the short, medium and long term. These are identified through an analysis of the macro-environment, our operating context, the resources we rely on, as well as feedback from our stakeholders. Our six material matters inform our strategy to manage our risks and leverage prevailing opportunities.

- M1 Operational Performance
- M2 Macroeconomic Conditions
- M3 Occupational Safety & Health Performance
- M4 People Management
- M5 Social and Environmental Impact
- M6 Capital Management

See our materiality discussion on page 32 and material matrix on page 88

Reinforce Our ESG Commitments

The Group integrates robust business practices with our ESG aspirations, as a result of which, we are moving steadily towards our sustainability goals. Our initiatives focus on climate resilience, fair labour practices, and responsible agricultural methods where our collective efforts will ensure we achieve our sustainability objectives.

Integrate Our Strategy to Allocate Our Resources into Our Business Model

Outline Our Strategy

See page 48

SD Plantation has developed a comprehensive five-year strategic blueprint that will serve as a roadmap for growth and ensure our long-term success at the forefront of our industry.

- SS Sustainability
- OE Operational Excellence
- IN Innovation

Allocate Our Capital

See page 24

The execution of our strategy relies on the disciplined allocation of the six capitals: Financial Capital, Natural Capital, Manufactured Capital, Intellectual Capital, Human Capital, and Social and Relationship Capital. We deploy our resources optimally and align our relationships to drive growth, reinforce resilience and deliver sustainable value for all our stakeholders.

- FC Financial Capital
- MC Manufactured Capital
- SRC Social & Relationship Capital
- HC Human Capital
- IC Intelectual Capital
- NC Natural Capital

Business Model

See page 22

We seek to actively manage our activities and their impacts to ensure we enhance the positive and minimise the negative outcomes of our business model, thereby generating and sustaining value for all our stakeholders.

For more details on our business activities, please refer to page 68 on our Integrated Report 2023.

Enhance Our Value

Value, for us, means Achieving Our Stakeholder Goals

- **Innovative Technologies**
- **Producing More with Less**
- **Industry Leading Blueprint**
- **Net-Zero Roadmap Built on Best Practices and Science-Based Targets**

Our Value Creating Business Model

OUR CAPITAL ... ENABLE VALUE-ADDING

Inputs

FC Financial Capital

The pool of funds available for our day-to-day operations and growth initiatives, including debt, retained earnings and equity funding

- Total Equity: **RM20.406 billion**
- Total Assets: **RM31.886 billion**
- Borrowings: **RM5.282 billion**

MC Manufactured Capital

The physical assets that we own or use in carrying out our operations across the Group, comprising our estates, machinery, mills and plants

- Estates: **234**
- Palm Oil Mills: **68**
- Palm Oil Refineries: **11**
- Bulking Installation Capacity: **284,900 MT**
- Biogas Plants: **16**
- Landbank: **729,870 ha**

IC Intellectual Capital

Intangible assets such as our R&D capabilities, the systems and processes that support our operations, our reputation and brand

- R&D Centres: **5**
  R&D Malaysia (3) + R&D PNG + R&D Indonesia (Minamas Research Centre)
- Researchers (R&D) Employees: **1,384**
- Innovation Centres: **3**
- Genetic Testing Facility: **1**
- **Technology and Digital Solutions** that enhance operations including Drones and Artificial Intelligence (AI) Technology
- Total investments/expenditure in R&D: **RM181 million**

HC Human Capital

All our employees and workers who carry out our operations, determining our performance, productivity and ability to attain our corporate goals

- Total Employees: **84,670**
  Employee by gender:*
  - 10,901 or 17.5% Female
  - 51,032 or 82.5% Male
- Workers in plantations and mills: **71,745**
- Permanent Employees: **38,379** (61%)**
- Non-Permanent Employees: **24,306** (39%)**
- High Performance and Innovative Culture

* *Data does not include Papua New Guinea, Solomon Islands, the United Kingdom, and the Netherlands due to privacy laws.*
** *Data does not include Papua New Guinea, Solomon Islands, and the Netherlands due to privacy laws.*

SRC Social & Relationship Capital

The relationships and partnerships we have developed with our network of stakeholders, including customers, employees, suppliers, NGOs and local communities

- Strong network of **3,602 vendors** approved and registered through the SD Plantation OVR (Online Vendor Registration) portal
- Smallholders support programmes and **supply chain collaboration**
- Deepen **communication and collaboration** to strengthen relationships with our key stakeholders
- High **Integrity, Trust and Transparent Communication** with our key stakeholders

NC Natural Capital

The renewable and non-renewable resources that are used throughout the Group, including electricity, fuel, water and land, among others

- Energy Consumption: **28,978,121 GJ**, 88% from renewable sources
- Water Consumption: **23,649,125 m³**
- Preserving the **environment through conservation** efforts
- Initiatives to **optimise consumption** of natural resources
- **Executing initiatives in our Net-Zero Roadmap**

STRATEGY

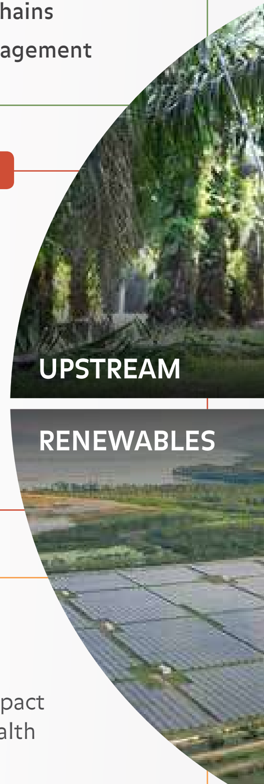
- **SS** Sustainability
- **IN** Innovation
- **OE** Operational Excellence

KEY SUSTAINABILITY STRATEGIES

- **Leadership in Climate Action and Social Performance**
- **Building Resilient Supply Chains**
- **Building Trust Through Engagement and Transparency**

MANAGING OUR KEY RISKS

- Geopolitical Risk
- Supply Chain Risk
- Legal and Regulatory Risk
- Climate and Sustainability Risk
- Operational Risk
- People Risk
- Competition Risk
- Commodity Risk
- Financial Risk



MATERIAL MATTERS

- Operational Performance
- People Management
- Macroeconomic Conditions
- Social and Environmental Impact
- Occupational Safety and Health Performance
- Capital Management

MARKET TRENDS

- Rising demand for vegetable oils
- Supply disruption of palm oil
- Accelerating demand for climate action and commitment
- Volatility of vegetable oil prices
- Growing emphasis on digitalisation
- Increased competition from other edible oils
- Heightened regulatory environment
- Surging demand for renewables
- Widespread food security concerns

UNDERPINNED BY

VISION
To be the leading integrated global palm oil player

VALUES
Integrity | Respect & Responsibility | Enterprise | Excellence

ACTIVITIES THAT CREATE ... ...VALUE FOR OUR STAKEHOLDERS.

Outputs

- **8,705,185 MT** FFB Production
- **2,206,044 MT** CPO Production
- **505,879 MT** PK Production
- **45,301,817 m³** biogas produced for methane capture

- Biomass (EFB, kernel shells)
  - **1,875,755 MT** EFB
  - **16,192 MT** kernel shells
  - **11.83 million tons** carbon dioxide equivalent (tCO_2e) across Scopes 1, 2 and 3 emissions (2020: 12.2 mil tCO_2e)
  - **182,810 MT** Waste (scheduled and non-scheduled) generated

Outcomes

FC FINANCIAL CAPITAL
- Profit For The Year: **RM2.033 billion** (2022: RM2.683 billion)
- Dividend Declared: **15.00 sen** per share (2022: 16.04 sen per share)
- Net Debt to Equity Ratio: **22%** (2022: 29%)

MC MANUFACTURED CAPITAL
- Yield per Hectare (MT/ha): **17.92** (2022: 16.63)
- Oil Extraction Rate (%): **21.18** (2022: 21.10)
- Palm Kernel Extraction Rate (%): **4.86** (2022: 4.87)
- SDO Sales Volume ('000 MT): **3,393** (2022: 3,318)
- Group Revenue: **RM18.428 billion** (2022: RM21.030 billion)
- Total CAPEX: **RM2.129 billion** (2022: RM1.729 billion)

IC INTELLECTUAL CAPITAL
- ~**1,024** Registered Trademarks
- ~**127** Pending Trademark Applications
- Implemented the **Palm Digital platform** to digitalise upstream operations, significantly enhancing efficiency in fertiliser management
- **Expanded data analytics capabilities**, focussing on improving supply chain traceability
- **Mechanisation and Technology** to reduce reliance on manual labour addressing labour scarcity, increasing productivity, efficiencies, yields and reduce environmental impact
- **Enhanced market news automation** supports our trading operations by providing actionable insights

HC HUMAN CAPITAL
- **RM47 million** allocated for **learning and development**
  - **RM2.4 billion** in wages paid
  - **Employee Attrition Rate 25.5%** (2022: 26.2%), including Malaysian Migrant Worker repatriation
  - **17.5% Women in Overall Workforce** (2022: 19.9%)
- Lost Time Injury (LTI): **1,729** (2022: 1,745)
- Lost Time Injury Frequency Rate (LTIFR): **8.7** (2022: 9.3)

SRC SOCIAL AND RELATIONSHIP CAPITAL
- Taxation paid: **RM1.087 billion** (2022: RM1.432 billion)
- **RM56.7 million** invested in community (2022: RM73.5 million)
- **24,526 individuals** benefitted from SD Plantation's CSR initiatives (2022: 62,906 individuals)
- **33,746** smallholders in support programmes

NC NATURAL CAPITAL
- Water Consumption Intensity: **1.52 m³/ton** FFB processed (2022: 1.37 m³/ton FFB processed)
- **2.28 million** trees planted to date (2022: 1.9 million trees)
- Sustainable palm oil practices support climate action and maintain ecosystem health
- Greenhouse Gas (GHG) emissions intensity (Scope 1 & 2) (tCO_2e/MT CPO/PK) **1.45** (2022: 1.61 tCO_2e/MT CPO/PK)
- Renewable energy capacity:
  - Biogas: **22.57 MWe** (Megawatt electric) (2022: 21.07 MWe)
  - Rooftop Solar: **2.03 MWp** (Megawatt peak) (2022: 0.58 MWp)

Our robust governance framework and a dynamic sustainability agenda

Our Value Creating Business Model

	Actions to Enhance Outcomes	Trade Offs	Stakeholders
FC	• Maintain robust management of financial capital • Practise stringent cost optimisation • Optimise borrowing profile and assess funding alternatives • Ensure maintenance of high credit standing • Strengthen our overall financial management system	We utilise our financial capital to enhance all our other capitals, for example by training and retaining high performance employees (human capital); implementing projects to minimise our environmental impact (natural capital); constructing new plants (manufactured capital); improving planting materials (intellectual capital); and uplifting the communities where we operate (social & relationship capital). Although the utilisation reduces our financial capital in the short term, it contributes towards sustainable operations in the long run.	S1, S2, S5
MC	• Continuous mechanisation, automation and digitalisation to improve FFB production • Project OMEGA to enhance mill operations • Adherence to Good Manufacturing Practices to ensure quality products by SDO • Expansion of biogas plants for renewable energy generation and reduction of methane emissions • Palm kernel shells and fibres are sold for use as renewable sources of energy	Investments in technology and infrastructure will require financial capital; however we view these as essential for improving productivity, reducing costs and mitigating environmental risks in the long run, improving not only our financial and natural capitals but also our manufactured capital.	S1, S3, S4
IC	• Ensure our R&D centres have sufficient funds to attract the best researchers to carry out cutting-edge R&D • Actively explore technologies to improve our plantation operations • Accelerate replanting of all estates with GenomeSelect™ • R&D to collaborate with the Commercial team on the development of products with significant market potential such as low contaminant oils, frying oil with natural antioxidants, and animal-free fats • Enhance Traceability to Plantation to further increase our reputation and customers' trust	Intellectual capital drives innovation, fosters creativity, and enables strategic adaptation, thereby positioning SD Plantation to navigate market shifts and capitalise on emerging opportunities more effectively. Investment in R&D and new technology results in a short-term reduction of our financial capital, but is essential for the long-term growth of the company.	S1, S4, S5
HC	• Continuously develop training programmes to ensure employees and workers have the skills required to meet SD Plantation's needs • Design incentives that are clearly based on performance and productivity • Monitor recruitment process to ensure adherence to our policies; and maintain regular engagement with workers to hear their voice • Maintain strict vigilance on safety processes and procedures, and nurture a safety culture in estates	Investments in employee training and development are a significant cost to Financial Capital, but the productivity gains from upskilling and digital transformation benefit Human Capital and Intellectual Capital. Similarly, investments in employee health and wellbeing create an engaged workforce that can maximise Financial Capital.	S2, S3
SRC	• Continue to provide training for smallholders, including indigenous farmers, towards NDPE compliance and certification • Create more opportunities to engage with local communities to understand and address their concerns • Extend fire prevention programme to involve school children • Explore ways SD Plantation can support the work of NGOs to strengthen our relationships with them	Investing in our social and relationship capital is not as costly as that for our other capitals, yet the benefits are as significant, as seen in quality CPO from smallholders, knowledge and guidance from NGOs and a ready-made pool of human capital that can be tapped for employment in our estates. We believe in sharing our business prosperity with our people, community and industry. This is also part of our longer-term vision for a sustainable business ecosystem.	S1, S2, S3, S5
NC	• Adherence to Good Agricultural Practices to maintain soil health in the long term • R&D on optimising soil nutrients for palm growth • Initiatives to promote sustainable practices • Execute the Net-Zero Roadmap • Focus on biogas and solar expansion under renewable energy initiatives	While our sustainability efforts may require financial capital, we recognise that the long-term benefits of preserving natural capital far outweigh any short-term trade-offs. Our commitment to sustainable practices ensures the resilience of ecosystems and the continuity of our operations amidst changing environmental conditions.	S1, S3, S5

S1 Customers | S2 Employees | S3 NGOs/Civil Society Organisations | S4 Industry Groups & Government Agencies | S5 Local Communities

Stakeholder Engagement: Needs and Expectations

SD Plantation has an extensive network of stakeholders who contribute to our business, as well as those who are impacted by our operations. We highly value all our stakeholders and seek to create better relationships with them through open dialogue and transparency in everything we do. The ultimate objective is to create value for each stakeholder group, strengthening our position and reputation in the market.

Quality of Relationship: 1 gem – No existing relationship; 2 gems – Poor relationship; 3 gems – Relationship established – room for improvement; 4 gems – Good-quality relationship; 5 gems – Excellent relationship

Frequency of Engagement: M – Monthly; B – Bi-Annually; Q – Quarterly; A – Annually; R – As required

FC Financial Capital; HC Human Capital; MC Manufactured Capital; IC Intelectual Capital; SRC Social & Relationship Capital; NC Natural Capital

M1 Operational Performance; M2 Macroeconomic Conditions; M3 Occupational Safety & Health Performance; M4 People Management; M5 Social and Environmental Impact; M6 Capital Management

CUSTOMERS (4 gems)

We have a global base of customers who purchase our refined oils and fats, including edible oils, biodiesel, nutraceuticals, and other palm oil-based derivatives.

Why We Engage

We work closely with our customers to understand their needs in order to tailor our products accordingly.

How We Engage

- Events, webinars, forums, meetings (R)
- Surveys and feedback (R)
- Regular business touchpoints (R)
- Collaborative platforms and working groups (R)
- Exhibitions (R)
- SDO Customer Day (A)
- Social media platforms (O)
- Digital: Customer Dashboard (O)

Capitals: FC, MC, IC, SRC, NC

Material Matters: M1, M2, M5

Key Concerns Raised

- Product quality, food safety, delivery and security of supply and services
- Product innovation and development
- Traceability
- Environmental harm, social injustice or exploitation
- Short-term and long-term product pricing

Our Approach

- HACCP, Indonesia Sustainable Palm Oil (ISPO), Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) certifications
- R&D support in developing new products
- Use of Crosscheck for transparency on source of oil
- Adherence to RSPO as well as NDPE policy
- Focus on product differentiation enables us to secure better pricing positions

How We Measure Value

- Customer satisfaction as measured in our annual survey
- The number of new products developed in a year
- Traceability to Mills (TTM) and Traceability to Plantation (TTP) rates
- Various ESG metrics on workers' well-being and environmental footprint

Stakeholder Engagement: Needs and Expectations

EMPLOYEES

We have **84,670** employees whereby 71,745 are workers in our plantations and mills.

Why We Engage

Our employees are our greatest asset as they drive our operations and are critical to the achievement of our business targets and strategy.

How We Engage

- Social dialogue sessions (Q)
- Muster, Union and Gender committee meetings (R)
- Suara Kami helpline and Oil Palm Pal app (O)
- Volunteer programmes (R)
- Townhalls (R)
- Recreational activities and social events (A)

Capitals: FC HC SRC

Material Matters: M1 M3 M4

Key Concerns Raised

- Succession pipeline and talent bench strength
- Performance management and rewards
- Employee well-being and support
- Workers' welfare, wages and overtime
- Organisational culture and work environment

Our Approach

- Robust succession plan for key positions
- Quarterly employee performance conversations and annual appraisals
- Employee wellness programme including 24-hour hotline
- Enhanced recruitment procedures, worker hotlines, social dialogue platforms and app for workers to communicate with management
- Continuous engagement to drive a healthy working culture

How We Measure Value

- The ratio of talent to key positions
- Number of talents in the talent pool
- Organisational Health Index (OHI)
- Employee Net Promoter Score (eNPS)
- Number of grievances made through workers' hotlines

NGOS/CIVIL SOCIETY ORGANISATIONS

SD Plantation is a founding member of the RSPO and subscribes to the MSPO and ISPO, while engaging with numerous NGOs and civil society organisations focussed on environmental and social issues.

Why We Engage

Engagement with NGOs enables us to contribute more meaningfully to creating positive environmental and social impact in combination with business performance.

How We Engage

- Information sharing forums, roundtable discussions, events (A) (Q) (M)
- Engagement surveys (R)
- Collaborative projects, mentoring programmes (A)
- Third-party verification on our supply chain (A) (Q) (M)

Capitals: MC HC SRC NC

Material Matters: M1 M3 M5

Key Concerns Raised

- Well-being of communities living near SD Plantation sites
- Impact of existing operations and expansion plans
- Maintenance of human rights and labour rights
- Traceability of source of palm oil used in products.

Our Approach

- Obtain communities' FPIC pre-development
- Adhere to Responsible Agriculture Charter, RSPO principles and NDPE Policy
- Adhere to Human Rights Charter, RSPO principles, and ILO guidelines
- We make our supply chain traceability data transparent through Crosscheck
- Submitted climate targets for SBTi validation

How We Measure Value

- Compliance with ILO labour indicators
- NDPE compliance in the supply chain
- Number of smallholders engaged in capacity-building

Quality of Relationship: 1 diamond – No existing relationship; 2 diamonds – Poor relationship; 3 diamonds – Relationship established – room for improvement; 4 diamonds – Good-quality relationship; 5 diamonds – Excellent relationship

Frequency of Engagement: (M) Monthly; (B) Bi-Annually; (Q) Quarterly; (A) Annually; (R) As required

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

M1 Operational Performance | M2 Macroeconomic Conditions | M3 Occupational Safety & Health Performance | M4 People Management | M5 Social and Environmental Impact | M6 Capital Management

INDUSTRY GROUPS & GOVERNMENT AGENCIES

Representatives from SD Plantation are involved in various industry bodies – Malaysian Palm Oil Board (MPOB), Palm Oil Refiners Association of Malaysia (PORAM), Malaysian Palm Oil Association (MPOA), etc – while the organisation also engages regularly with government agencies.

Why We Engage

Industry groups are forums for us to share knowledge and expertise, and stay abreast of current developments in the industry. Through partnerships with peers, we are also able to address industry issues more effectively. Meanwhile, government agencies set the rules and regulations that we must comply with, and which impact our businesses and the industry at large.

How We Engage

- Working groups (R)
- Events, webinars, roundtable discussions, feedback (R)
- Technical and taskforce committees (R)
- Field and lab visits, and information sharing sessions (R)

Capitals: MC IC SRC NC

Material Matters: M1 M2 M3 M5

Key Concerns Raised

- Support given to smallholders towards their certification
- Enhancing industry productivity given limited land for expansion
- Regulatory pressure and market forces on the uptake of RSPO certified oils
- Sustainability issues such as human/elephant conflict

Our Approach

- Capacity building and support for smallholders
- Sharing of genomic discoveries, and commercialisation of high-yield seeds
- Active representation in working groups of certification schemes (RSPO, MSPO, ISCC)
- Multistakeholder collaboration to resolve elephant encroachment
- Establish new sustainable supply chains and develop geospatial technology for monitoring and transparency

How We Measure Value

- Number of certified smallholders
- Productivity of member companies
- Uptake of RSPO-certified oils from member companies

LOCAL COMMUNITIES

Local communities are those that live near our plantations and other operational sites, including some 52,000 small and independent farmers who supply us with FFB.

Why We Engage

Because local communities are close to our operations, they are necessarily impacted by our business activities. We engage with them to understand their needs and allay any concerns they may have.

How We Engage

- Community meetings and other forms of engagement (R)
- Grievance mechanisms (O)

Capitals: FC IC SRC NC

Material Matters: M1 M5

Key Concerns Raised

- Respecting land rights of local communities, often Orang Asli
- Fire and haze prevention
- Protection of the local ecosystem
- Support smallholders to enhance their livelihood
- Supporting employment and other needs

Our Approach

- Adherence to FPIC before developing any land
- Implementation of community fire prevention programmes
- Adherence to NDPE Policy, Responsible Agriculture Charter, endangered species conservation programme
- Assist smallholders to become RSPO-certified.
- Hire locals and provide training through Project *Lokal* and PROTÉGÉ Programme
- Community development through philanthropy; provision of scholarships; ensuring schools and health infrastructure in estates

How We Measure Value

- Certification of smallholders
- Conservation of endangered species
- Community awareness and capability in fire prevention and management

The Value We Create

We seek to manage our stakeholder relationships effectively because our stakeholders are important to us. In the following pages, we demonstrate the value that each key stakeholder group creates for Sime Darby Plantation (SD Plantation), and vice versa. Our objective is to build even greater trust and confidence in our stakeholders of SD Plantation's ability to deliver.

CUSTOMERS

Link — Capitals: FC, MC, IC, SRC, NC — Material Matters: M1, M2, M5

Value Created for Customers

- New innovative products and solutions meeting or even exceeding customers' needs
- Quick addressal of customer pain points through feedback and engagement platforms
- Efficient delivery of high-quality products
- Extensive knowledge-building and comprehensive information for customers to maximise the value of their products

Value For SD Plantation

- Continuous increase in revenue and sustainable growth from repeat sales
- Retention of satisfied and loyal customer base
- Solid brand reputation from positive endorsements

Risks

- Poor customer relationship management could result in decline in customer loyalty and loss of sales
- Lack of customer understanding on the value of products could impact sales performance

Opportunities

- Timely and efficient delivery of products to customers promotes good customer service, leading to repeat purchases
- Strong relationship and engagement with customers will lead to a better understanding of their needs, building strong customer loyalty
- Collaborations with customers provide us with better insights on current market needs, shaping a more market-relevant product portfolio

Business Initiatives

- Centralised resource management and data management for agile decision-making
- Embarked on Customer Journey Mapping to further improve the customer experience
- Developed oils with negligible amounts of mineral oil saturated hydrocarbons (MOSH) and mineral oil aromatic hydrocarbons (MOAH); as well as Superior Quality Net-Zero Ethical Labour (SQNE) oil

Value Creation Indicators & Highlights

- 90% customer retention rate
- 86% customer satisfaction index

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

M1 Operational Performance | M2 Macroeconomic Conditions | M3 Occupational Safety & Health Performance | M4 People Management | M5 Social and Environmental Impact | M6 Capital Management

EMPLOYEES

Link — Capitals: FC HC SRC — Material Matters: M1 M3 M4

Value Created for Employees

- Market-competitive salaries and benefits to attract and retain talent
- Wellness programme and support to ensure the well-being of employees
- Flexible working arrangements for improved work-life balance
- Development of a purpose-driven culture
- Comprehensive HR Policies and governance structure
- Opportunities for employees to make their voices heard via engagements and social dialogue

Value For SD Plantation

- Energised and engaged employees contribute positively to the attainment of our business strategies and growth
- An innovative, up-to-date and competent workforce ensures long-term relevance
- A high-performance and customer-focussed work culture contributes to enhanced business outcomes
- Continuous improvement via acting-on-feedback

Risks

- Non-conducive work environment could lead to disengagement and potential hazards
- If employees are not sufficiently stretched or challenged, complacency could set in, impacting productivity
- Lack of governance could lead to non-compliance with regulatory requirements

Opportunities

- Intensive employee engagement would develop a sense of connection and inspire strong performance
- Robust professional development programmes and clear career progression serve to retain quality talent
- Diversity and inclusivity would establish SD Plantation as a forward-looking organisation and an employer of choice
- Digitalisation of human resources processes will facilitate productivity and efficiency

Business Initiatives

- Management Trainee Programme focussed on developing young leaders for future growth
- Flexible Working Arrangement Policy to promote work-life balance
- Wellness webinars/programmes covering aspects of physical, mental, social and financial wellness

Value Creation Indicators & Highlights

- Organisational Health Index (OHI)
- Employee Net Promoter Score
- Workers Satisfaction Survey

SUPPLIERS & VENDORS

Link — Capitals: FC MC SRC — Material Matters: M2 M3 M6

Value Created for Suppliers and Vendors

- High safety standards in line with stringent health and safety guidelines
- Prioritisation of local vendors to support their economic development
- Protection of suppliers' rights through robust policies and frameworks

Value For SD Plantation

- An engaged and reliable supply chain results in minimal disruption to operations
- Competitive prices and efficient delivery of suppliers' products and services
- The ability of SD Plantation to maintain high-quality products and services aligned with our brand promise

Risks

- Lags in delivery or receipt of low-quality products/ services from poorly managed suppliers could disrupt operations
- Suppliers' non-adherence to Environmental, Social and Governance (ESG) standards would impact the Group's overall sustainability performance

Opportunities

- Cost savings from procurement efficiencies and the diligent sourcing of the best value products and services
- Overall increase in quality of work of service providers due to fair and safe working conditions
- Coordinated shutdowns with feedstock and utility suppliers to minimise business disruption
- Establishment of SD Plantation as a sustainable organisation supported by a sustainable supply chain

Business Initiatives

- Regular engagement with suppliers through various formal and informal channels
- Vendor Development Programme (VDP) to elevate suppliers and help them grow their business

Value Creation Indicators & Highlights

- Supplier risk assessment on our No Deforestation, No Peat and No Exploitation (NDPE) commitments in 2023 indicated 95% of suppliers are low-risk, 3% medium-risk and 2% high-risk
- 17 Bumiputera vendors currently enrolled under VDP
- 98.9% of total procurement spend (RM10 billion) went to local suppliers

The Value We Create

COMMUNITIES

Link

Capitals: FC MC IC SRC NC

Material Matters: M1 M2 M5

Value Created for Communities

- Various ocio-economic benefits from SD Plantation's contributions
- An abundance of training and job opportunities within the agriculture industry
- Environmentally safe operations throughout the value chain

Value For SD Plantation

- Positive brand and reputation as a responsible corporate citizen
- The support of engaged communities who understand our business objectives
- Creation of a sustainable supply chain through certification of smallholders within the community

Risks

- Any detrimental effects on surrounding communities or the environment could lead to a loss of public confidence
- Communities that are underdeveloped, could slow down inclusive economic progress

Opportunities

- Improved credibility as a responsible business via community outreach programmes
- Regular and consistent community engagements to address concerns effectively
- The creation of a certified and sustainable supply chain, and enhanced traceability to mills and plantation

Business Initiatives

- Smallholder programme
- Community engagement and development programmes
- Community fire prevention programme
- Education of school-going children
- Local employment opportunities through Project *Lokal* and PROTÉGÉ Programme
- Employee Volunteering Programme through Yayasan Sime Darby

Value Creation Indicators & Highlights

- 668 independent smallholders trained on sustainable agriculture practices to date
- Community-based fire prevention programme in 34 villages totaling 161,000 hectares
- Approximately 14,000 children in Indonesia receive free education
- 155 new local recruits via Project *Lokal*

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

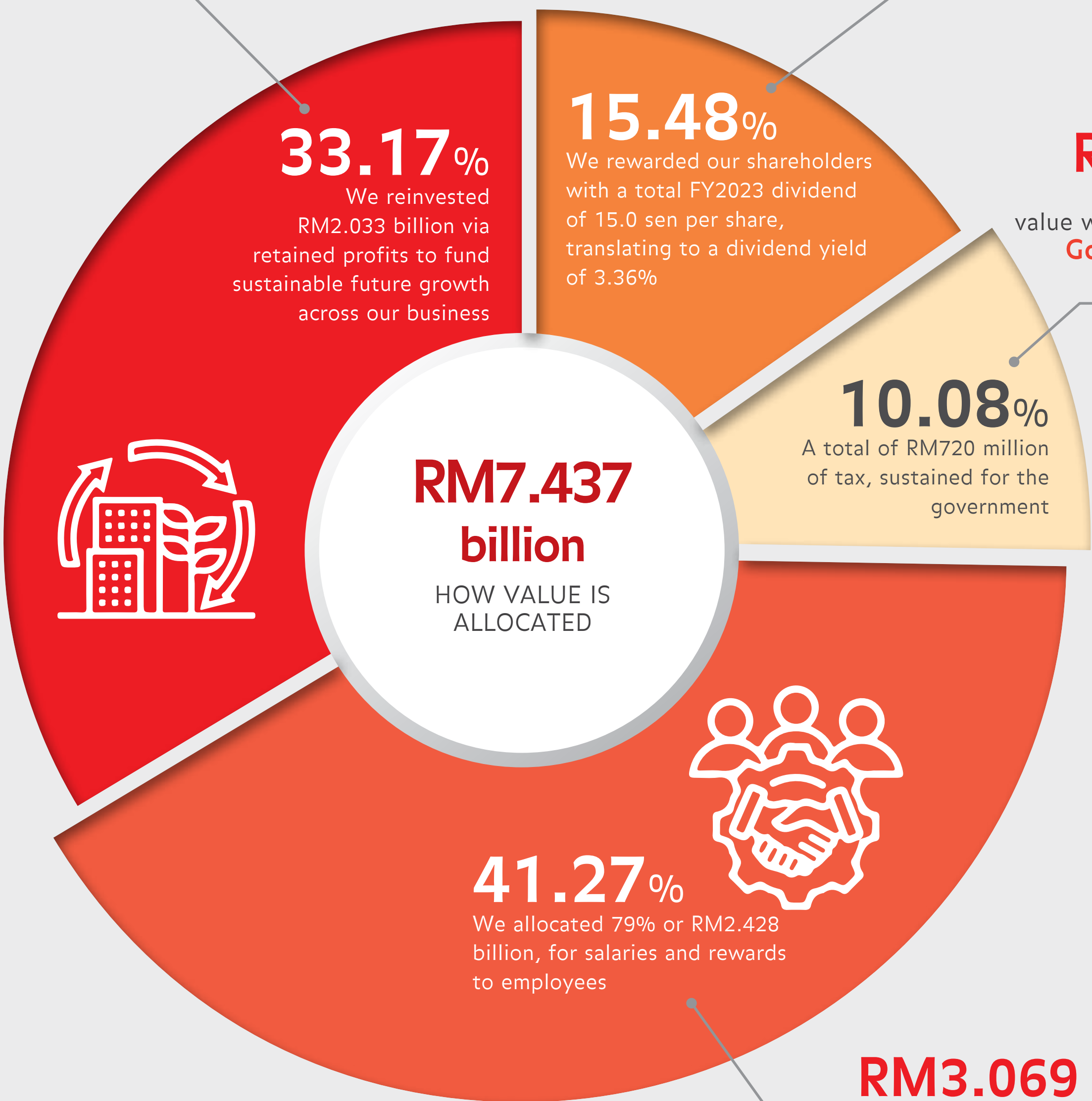
M1 Operational Performance | M2 Macroeconomic Conditions | M3 Occupational Safety & Health Performance | M4 People Management | M5 Social and Environmental Impact | M6 Capital Management

How We Distribute Value Created

RM2.467 billion
value we created for our **Reinvestment and Future Growth**

RM1.151 billion
value we created for **Providers of Capital**

RM750 million
value we created for **Government & Society**



RM3.069 billion
value we created for **Employees**

Material Matters

Through our engagement with stakeholders and analysis of the operating environment, we are able to discern our material matters, namely matters that are key to addressing risks and achieving our corporate objectives. These matters are taken into consideration when formulating plans and strategies to ensure we meet our goals while satisfying the needs of our diverse stakeholders.

OPERATIONAL PERFORMANCE

Our operational performance refers to the performance of our entire upstream and downstream operations, encompassing the productivity of our plantations, oil yield and production of oils, fats as well as other derivative products.

Why It's Important

Our operational performance is the core of our business and determines our financial performance, and our ability to create value for all our stakeholders - from our suppliers and smallholders to our employees, business partners, customers and local communities.

Risks

- Efforts to enhance productivity indiscriminately could have negative environmental and/or social consequences, impacting our reputation
- Sales would be impacted if our products do not meet increasingly stringent regulatory requirements
- Supply chain disruptions within our operations could delay critical supplies, affecting our customers. This, in turn, would affect our production and sales, leading to the loss of customers

Opportunities

- Strengthen our operational performance through responsible and sustainable practices while reinforcing relationships with our suppliers, including smallholders
- The development of innovative technologies to drive operational excellence could generate new revenue streams, reduce leakage and wastage, and lower costs

Capitals	Strategy	Stakeholders
FC HC MC IC SRC NC	SS OE IN	S1 S2 S3 S5

How We Respond

- Adoption of precision agriculture, mechanisation, automation, digitalisation and other innovative technology to reduce reliance on manual labour, as well as increase efficiency and productivity
- Adherence to sustainable practices, certifications and standards including our Responsible Agriculture Charter (RAC), Roundtable on Sustainable Palm Oil (RSPO) principles and No Deforestation, No Peat and No Exploitation (NDPE) commitment to maintain sustainable performance
- Focus on research and development (R&D) and work closely with customers to develop high quality products that meet regulatory requirements in all jurisdictions
- Maintain a high level of safety standards and Standard operating procedures (SOPs) across all operations to sustain a high level of productivity

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

SS Sustainability | OE Operational Excellence | IN Innovation

S1 Customers | S2 Employees | S3 NGOs/Civil Society Organisations | S4 Industry Groups & Government Agencies | S5 Local Communities

PEOPLE MANAGEMENT

People management refers to all the policies and procedures in place to attract the best talent, nurture them, and ensure optimum performance as well as productivity. This encompasses protecting the well-being and safeguarding the rights of everyone who works for SD Plantation.

Why It's Important

Our people are our greatest asset as they determine our performance and the achievement of our corporate goals and objectives.

Risks

- If the well-being of our employees/workers is not protected, it will impact motivation levels and mental health, resulting in a high turnover, ultimately affecting our productivity and profitability
- Contravention of international labour policies could lead to sanctions and reputational damage
- Lack of adequate safety supervision could result in accidents or incidents, posing risks to employees'/workers' safety and well-being
- Dependence on foreign workers carries a risk of labour shortage

Opportunities

- By ensuring our employees'/workers' optimum well-being, we will not only enhance productivity and performance but also establish SD Plantation as an employer of choice, enhancing our retention rate and facilitating the recruitment of the best talent
- By modernising and scaling up the use of technology in our operations, we are able to attract more local employees and reduce our dependence on foreign labour

Capitals	Strategy	Stakeholders
FC HC SRC	SS OE	S2 S3 S4

How We Respond

- Complete review and strengthening of policies related to the recruitment and well-being of workers
- Frequent and timely employee engagement and management of grievances, by establishing grievance channels such as worker helplines and social dialogue sessions in our operations
- Continued implementation of hybrid working arrangements to allow flexibility for employees to achieve work-life balance
- Implementation of Project *Lokal* to attract more locals to work in our Malaysian plantations, offering more sophisticated jobs that involve the use of advanced mechanisation, automation and digital technology
- Implementation of voluntary health coverage, incentive schemes, and continuous review of rewards and benefits
- Implementing Nurturing Employee Wellness (NEW) programme covering mental, physical and financial well-being
- Contribute to nation-building by enhancing employability of young graduates in Malaysia via the PROTÉGÉ programme

MACROECONOMIC CONDITIONS

Macroeconomic conditions across global, regional and local context impacts all industries. The usual economic indicators actively monitored include GDP, inflation, unemployment and trade balance as well as fiscal and monetary policies.

Why It's Important

It is important to monitor macroeconomic factors that are relevant to our industry – such as fluctuations in commodity prices due to trade protectionist policies, geopolitical conflicts and market competition – as these can affect demand and supply trends and erode revenue potential. Changes in prevailing legal and regulatory frameworks may exert additional pressure on the business and increase the cost of compliance and operations.

Risks

Not keeping track of commodity prices, currency fluctuations, interest rate changes, weather-related events, regulatory shifts, global events and trends, and evolving consumer preferences would not only impact SD Plantation's performance in the short term, it would also result in the Group becoming irrelevant and losing our competitive edge.

Opportunities

The adoption of business intelligence (BI) tools and an agile way of working that is responsive to changes in the macroenvironment would place SD Plantation on a stronger footing to anticipate challenges, identify opportunities, and maintain our industry leadership.

Capitals	Strategy	Stakeholders
FC HC MC IC SRC	OE IN	S1 S3 S4

How We Respond

- Dedicated units as well as committees to keep abreast of developments, monitor and advise on the most appropriate strategies to navigate the challenges and capitalise on opportunities
- Adoption of an agile mindset via training to strengthen the ability of our business to respond to changing market conditions innovatively and quickly
- Practise proactive risk management, which includes active engagement of stakeholders to assess the business environment for disruptive changes or emerging risks, while capitalising on business cycles to deliver sustainable profit growth
- Diversify our business portfolio to capture more opportunities and spread our risks
- Intensify our investment into R&D to maintain a culture of innovation that keeps SD Plantation at the cutting-edge of ground-breaking technology

Material Matters

SOCIAL AND ENVIRONMENTAL IMPACT

The operations of all agriculture-based organisations have an environmental footprint and affect surrounding communities. This necessitates ethical business practices, sustainability initiatives as well as regular community and supplier engagement to create positive value.

Why It's Important

It is important to contribute positively to our local communities and minimise our negative environmental footprint to avoid regulatory sanctions and maintain a positive reputation in order to sustain our operations and the goodwill of society.

Risks

- In addition to legal and regulatory sanctions, we face the risk of conflicts with our local communities, and challenges in accessing markets that demand sustainable practices if we do not manage our social and environmental impacts
- By not addressing climate-related issues, we also face the risk of increased climate events that could disrupt production, yield and quality

Opportunities

- Increased investment into positive environmental and social outcomes would strengthen our reputation while ensuring sustainable operations
- By developing robust relationships with local communities, we are assured of their support, including the provision of human capital for our operations

Capitals	Strategy	Stakeholders
IC SRC NC	SS OE IN	S1 S2 S3 S4 S5

How We Respond

Social

- Engage regularly with the local communities and practise Free, Prior and Informed Consent (FPIC) principles before developing any land
- Provide technical and training support to smallholders through our Smallholder Inclusion programme
- Provide training and employment opportunities to locals in Malaysia through Project *Lokal* as well as the PROTÉGÉ Programme
- Assist in community development through outreach programmes, the provision of scholarships, and providing education and healthcare facilities in estates
- Empower local communities, for example, via fire prevention programmes to safeguard against such potential crises

Environment

- Adherence to our Responsible Agriculture Charter and NDPE Policy
- Strengthened our climate action commitment by developing science-based targets to achieve net-zero emissions across SD Plantation operations and supply chain by 2050
- Engaging suppliers to replicate our measures across their operations as a collaborative effort towards achieving sustainability

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

SS Sustainability | OE Operational Excellence | IN Innovation

S1 Customers | S2 Employees | S3 NGOs/Civil Society Organisations | S4 Industry Groups & Government Agencies | S5 Local Communities

OCCUPATIONAL SAFETY & HEALTH PERFORMANCE

Commitment to preventing incidents, prioritising employee well-being, and continuously improving safety measures to create a sustainable and safe work environment.

Why It's Important

It is important to create a safe workplace to protect our employees and workers as well as our assets, thus enhancing our productivity and performance. At the same time, we are required to comply with all the relevant safety and health regulations in order to maintain our licence to operate.

Risks

Any safety and health shortcoming exposes SD Plantation to the risks of employee injury, legal consequences, financial losses, decreased productivity, damaged reputation, and potential regulatory scrutiny.

Opportunities

Continuous improvement of our safety and health protocols would lead to improved productivity, a positive workplace culture and image, and increased employee/stakeholder trust, leading to long-term sustainability.

Capitals	Strategy	Stakeholders
FC HC MC SRC	OE IN	S2 S3

How We Respond

- Proactive Hazard Identification, Risk Assessment, and Risk Control by all employees
- Employees and supply chain partners receive regular training on safety and health awareness, equipping them with the knowledge and skills to operate safely
- Implementing Culture of Care and Project OMEGA to maintain high level health, safety, and environment (HSE) standards across all operations

CAPITAL MANAGEMENT

Strategic planning and systematic approach in maintaining financial stability and handling financial resources to achieve long-term growth and profitability.

Why It's Important

Effective capital management is critical for maximising returns to the Group as well as mitigating risks associated with capital depreciation, financial distress, value dilution or corporate credit rating downgrades.

Risks

Inefficient working capital management increases the risk of incurring a high cost of capital/financing which would decrease our margins and impact our bottom line.

Opportunities

Effective capital management provides opportunities for SD Plantation to optimise our financial structure and enhance our stakeholder value, contributing to the creation of sustainable long-term value.

Capitals	Strategy	Stakeholders
FC HC MC IC SRC NC	SS OE IN	S1 S2 S3 S4 S5

How We Respond

- Prudent and resilient capital management to maintain a strong balance sheet
- Optimise capital allocation among competing requirements while managing financial targets
- Effective management of working capital through optimisation of inventory levels, efficient collection from debtors, and effective utilisation of credit facilities to ensure sufficient capital resources for investment in income-generating activities

Our Market Landscape

We have a global customer base and operate in a complex business and regulatory environment that spans 12 countries. It is imperative that we stay engaged with our stakeholders to understand current issues. We keep abreast of evolving global trends and local developments which may impact our business and our ability to create value for stakeholders.

RISING DEMAND FOR VEGETABLE OILS

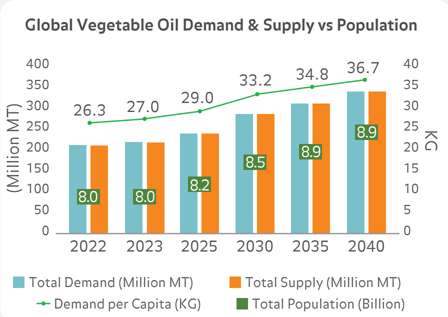
Potential Impact

Global food oil demand has been remarkably resilient despite challenges posed by the pandemic and geopolitical tensions. Current near-term demand continues to be driven by the requirement for high-quality clean palm oil products, balanced by concerns of a global slowdown in economic growth.

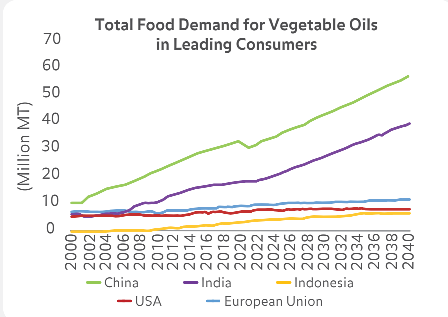
Of all the vegetable oils, palm oil is the most widely consumed, accounting for 36% of the total market. It has also been the fastest-growing vegetable oil since 2000 with a compound annual growth rate (CAGR) of 6%.

Outlook

The long-term outlook for vegetable oils is promising, driven by demand from the food and biofuel (primarily biodiesel) sectors. Demand for food oil will continue to increase along with the growing global population and increasing real gross domestic product (GDP) per capita. Demand for biodiesel, meanwhile, will be driven by a global move towards renewable fuels.



Source: *LMC Oilseeds & Oil Report 2023*



Source: *LMC Oilseeds & Oil Report 2023*

Our Response

- Drive productivity through innovation and improved efficiency, thus generating higher production sustainably. For example, we are working to improve yields with our GenomeSelect™ seeds while transforming our operational practices through advanced mechanisation, automation and digitalisation
- Continue to build, secure and maintain good relationships with customers by innovating to meet their needs proactively, seamlessly and promptly, via a robust supply chain model

SUPPLY DISRUPTION OF PALM OIL

Potential Impact

Palm oil production is affected by historical plantings and weather conditions which can affect yield and productivity.

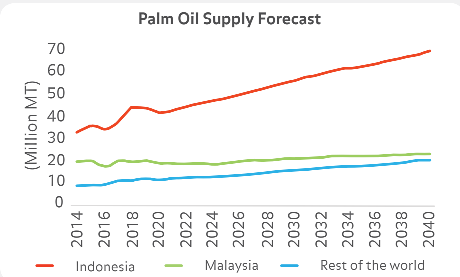
In Malaysia, palm oil production has also been impacted by a labour shortage due to border control restrictions during the pandemic. The Russia-Ukraine conflict further hit our industry by driving up the price of input materials, notably fertilisers and fuel.

These factors have changed planting decisions as they alter the relative profitability of competing vegetable oil crops.

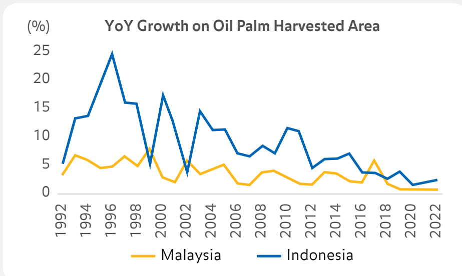
Outlook

In the longer term, palm oil supply is expected to reduce due to environmental, social and governance (ESG) concerns that could impede expansion.

The palm oil industry has long been at the leading edge in sustainability issues. However, the focus on the industry remains, although issues have shifted over time, from environmental/biodiversity matters towards social and governance matters and, finally, back to climate change and greenhouse gases (GHG) mitigation. Any long-term palm oil supply disruption would require other vegetable oils such as sunflower, rapeseed and soybean oil to fill the demand gap.



Source: *LMC Oilseeds & Oil Report 2023*



Source: *United States Department of Agriculture 2023*

Our Response

- Actively recruit locals through Project *Lokal* to reduce reliance on foreign labour
- Invest in precision agriculture, such as advanced mechanisation, automation, and digitalisation solutions in our upstream operations, reducing reliance on manual labour
- Increase the use of higher-yielding planting materials, such as GenomeSelect™, which was developed in-house and is also more resilient to weather conditions and more efficient in terms of nutrition and water use
- Improve our yield per hectare in all mature areas

INCREASED COMPETITION FROM OTHER EDIBLE OILS

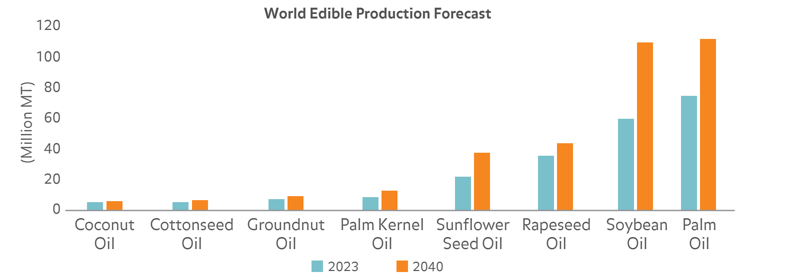
Potential Impact

Palm oil competes for market share with other vegetable oils such as rapeseed oil, soybean oil and sunflower oil. Although it benefits from higher productivity per hectare compared to the other oils, it is comparatively more labour-intensive, particularly during harvesting. In recent years, the expansion of oil palm plantations in Malaysia and Indonesia has slowed because of environmental concerns.

Collectively, these factors pose challenges for palm oil to scale up and increase long-term production.

Outlook

In 2023, palm oil and soybean oil accounted for over 64% of the vegetable oil market. This may increase to 67% by 2040. While soybean oil currently ranks second to palm oil, the gap between the two is likely to narrow over the next few years as palm oil supply growth in Southeast Asia slows, while the plantation of soybeans expands in Brazil. Some industry watchers predict that soybean may account for 33% of vegetable oils by 2040, next to palm oil at 34%.



Source: LMC Oilseeds & Oils Report 2023

Our Response

- Further enhance productivity and efficiency by replanting with higher-yielding GenomeSelect™ seeds and implementing precision agriculture through mechanisation, automation and digitalisation to improve yields and productivity while reducing costs
- Continue to focus on innovation for product differentiation, providing solutions that fulfil customer needs within the shortest possible lead time
- Explore diversification into the production of other crops and build the necessary supply chain

VOLATILITY OF VEGETABLE OIL PRICES

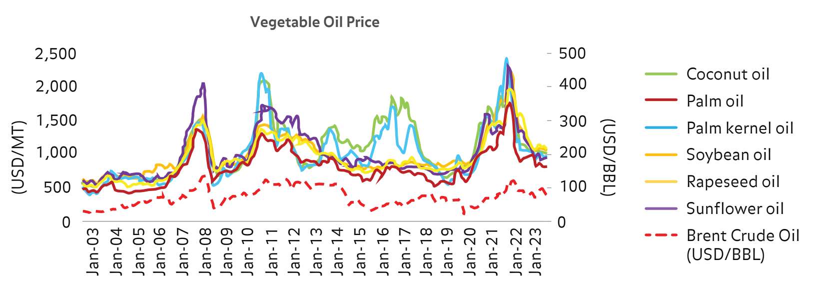
Potential Impact

Palm oil prices continue to be volatile due to disruptions and constraints in global supply. In 2022, these disruptions caused CPO prices to reach an all-time high.

Prices were stable in 2023 but remain susceptible to changes in global demand, tariff structures in major export and import countries, geopolitical factors, biodiesel mandates, and CPO inventory levels in Indonesia and Malaysia. The looming fear of a recession in China adds to the list of potentially disruptive factors.

Outlook

The price of palm oil currently sits at around USD1,000 per tonne, remaining strong compared with historical levels. Between now and 2040, its price is expected to remain relatively stable, at around USD1,000-1,200/MT, with the occasional spike in between. The next spike may occur in 2024, triggered by the 2023/24 El Nino season.



Source: World Bank

Our Response

- Enhance and optimise our supply chain to ensure seamless connectivity and prompt response to customer needs
- Focus on growing the downstream business to minimise the impact of price volatility on the Group's revenue
- Increases the proportion of differentiated product offerings over commodity products Differentiated products enjoy more stable prices as these are less vulnerable to volatilities caused by market shocks and disruptions
- Identify and expand alternative revenue streams from renewable sources, i.e. solar, biogas, biomass and alternative land uses

Our Market Landscape

ACCELERATING DEMAND FOR CLIMATE ACTION COMMITMENT

Potential Impact

There is increasing pressure for companies to step up and take urgent decarbonisation action to limit global warming in line with the Paris Agreement. This has resulted in pressure on corporates and investors to also make environmental, social and governance (ESG) commitments.

In Malaysia, the Securities Commission Malaysia updated the Malaysian Code on Corporate Governance (MCCG) in 2021, to encourage companies to address sustainability risks and opportunities in an integrated and strategic manner, in order to support their long-term strategies.

Outlook

Demand for climate action will continue to intensify as businesses, regulators and governments seek to fulfil their decarbonisation pledges.

Our Response

- Commit to achieving net-zero carbon emissions across the entire value chain by 2050, supported by a comprehensive strategy that includes accelerating renewable energy (RE) implementation, expanding land use transformation, and engaging with our suppliers
- Set Science Based Targets initiative (SBTi) targets and are monitoring the progress of our emissions reduction initiatives
- Continued adherence to MCCG 2021 by adopting and implementing practices and policies to address sustainability risks and opportunities

GROWING EMPHASIS ON DIGITALISATION

Potential Impact

Agricultural players have traditionally invested in mechanisation to enhance physical operations and reduce their dependence on labour. More recently, they have started to embrace digital technologies to take operational, administrative, and business management efficiencies to a new level. With a 360-degree view of estates via data collection, mining and analysis, plantation owners are able to plan, strategise, and make decisions more effectively.

In the downstream sector, there is increasing adoption of Fourth Industrial Revolution (IR4.0) concepts such as artificial intelligence (AI) and the Internet of Things (IoT) which utilise digitalisation and automation to improve manufacturing processes.

There are also growing expectations for digital solutions to support and improve ESG practices.

Our Response

- Focus on our digital delivery to achieve the targets outlined in our digital roadmap, aiming to transform our operations and align our processes and practices with global ESG standards. This includes incorporating intelligence into our systems and machinery to enhance operational efficiencies and governance.
- At the organisational level, explore and adopt relevant technologies that enable us to be more data-driven, leveraging insights obtained through data analytics, AI/machine learning and IoT solutions
- Set up a Digital Academy to develop digital and related skills in our people, equipping them with the relevant tools and capabilities to be more agile and thrive in a continuously changing business landscape

HEIGHTENED REGULATORY ENVIRONMENT

Potential Impact

The palm oil industry is often required to defend itself against questions on sustainability, focussing on deforestation, open burning and forced labour, as governments, such as the European Union (EU) – have been imposing increasingly more stringent regulatory requirements.

- In 2018, the EU called for a phase-out of the use of palm-based biofuels in Europe by 2030
- In 2022, the EU Standing Committee on Plants, Animals, Food, and Feed (SCoPAFF) set limits of quantification (LOQ) for mineral oil aromatic hydrocarbons (MOAH) in fats/oils at 2mg/kg. European food companies will begin complying with the LOQ in the near-term
- On 29 June 2023, the EU Deforestation Regulation (EUDR) was passed, banning the import of any product that has contributed to deforestation

Outlook

Regulations related to palm oil have become more prominent since the EUDR came into effect. Going forward, developed economies are expected to start imposing further regulations aligned with net-zero carbon emission commitments. As food safety and carbon emissions-related regulations become more stringent, agricultural companies will have to be more vigilant about maintaining the standards expected.

Our Response

- Effectively manage sustainability issues by engaging with relevant regulators and governments to address any allegations, resolve disputes, and create solutions
- Ensure the sustainability of improvement plans, from the assessment phase to their implementation and rollout beyond Malaysia

SURGING DEMAND FOR RENEWABLES

Outlook

Potential Impact

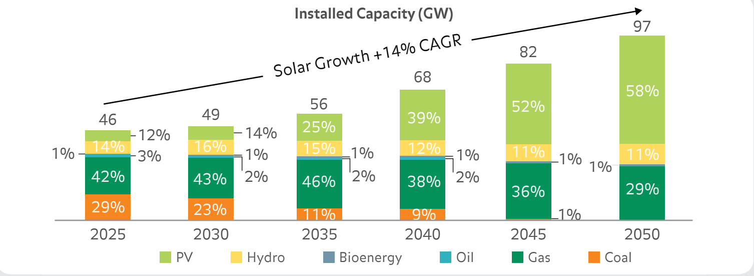
Following the Paris Agreement, many countries are pledging to achieve net-zero emissions. This surge is further driven by heightened expectations from global investors for transparency and the implementation of stricter regulations, such as carbon taxes, which have already been introduced in neighbouring countries, Singapore and Indonesia. With the likelihood of Malaysia adopting a similar carbon tax system in the near future, industries are preparing for its potential impact with many turning their focus towards RE.

The Malaysian Government has consistently sought alignment with global carbon obligations. On 27 July 2023, it launched the National Energy Transition Roadmap (NETR) which is expected to unlock between RM1.2 trillion and RM1.3 trillion in investment prospects by 2050, for local and foreign investors. This is projected to contribute an additional RM220 billion to GDP and create approximately 310,000 green growth job opportunities by 2050.

NETR's National Energy Mix

The Total Primary Energy Source (TPES) modelling indicates that Malaysia's energy demand will increase marginally at 0.2% annually from approximately 1,105MWh in 2023 to 1,186MWh in 2050.

NETR's Responsible Transition will help Malaysia to shift from traditional, fossil fuel-based energy systems to a greener, low-carbon energy framework. The ambition to achieve 70% RE share of installed capacity by 2050 is expected to be achieved, driven predominantly by solar PV installations. Significant solar capacity growth is required in the next three decades, with 59 GW of installed capacity by 2050.

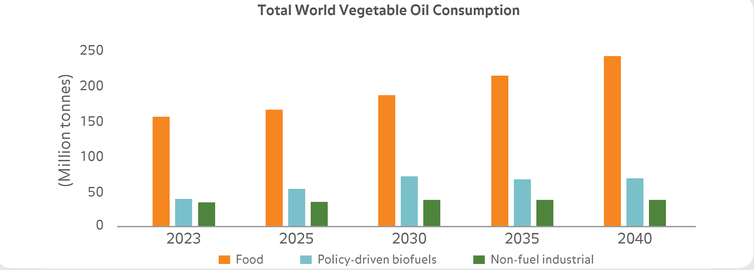


Source: NETR

Biofuel

Biofuel policies are being pursued with renewed vigour in the US, EU and elsewhere. Renewable diesel technologies allow for higher fuel blends than fatty acid methyl esters (FAME), while sustainable aviation fuel (SAF) policies will add another layer to biofuel consumption.

Vegetable oil demand has entered a wave of expansion driven by interest in renewable bio-based road and aviation fuels. In 2023, the world's total vegetable oil consumption for policy-driven biofuels increased by 2.79 million tonnes from 2022, and consumption is expected to grow by 4.4% per annum up to year 2040.



Source: LMC Oilseeds & Oil Report 2023.

Biogas

Biogas production began to grow in the 1990s and has been rising since then, but policy support has only surged strongly in the last two years, due to a combination of factors.

First, with energy security concerns caused by the Russia-Ukraine conflict and the subsequent energy crisis, biogas is now regarded as a domestic energy source that can reduce dependence on natural gas imports and support energy security in many countries.

Second, given the urgent need to limit any rise in the global temperature to 1.5°C, countries have begun to view biogas as a ready-to-use technology that can help accelerate decarbonisation in the short term, and are developing specific policies that include biogas as a key component in their energy transition strategies.

Compared with 2017-2022, global biogas production growth is expected to accelerate over 2023-2028 thanks to the introduction of impactful new policies in more than 13 countries in 2022-2023.

The greatest growth will be in the EU and North America, owing partially to established infrastructure and greater experience, and driven by previous policies that make rapid deployment in a five-year term possible. Since China and India have considerable biogas production potential, rising energy demand and ambitious decarbonisation goals, they are also likely to be ready for accelerated growth beyond 2028.

Our Market Landscape

Our Response

Leveraging on NETR Agenda
- We proactively strategise RE initiatives, ensuring that all development plans are in line with the latest national directives
- While our primary goal is to reduce the Group's carbon emissions and fulfil our net-zero commitments, we will explore opportunities to generate additional revenue streams through RE projects

Contributing to National Objectives
- We contribute to the national energy transition plan by leasing our lands for the development of solar farms. Some of our land is near industrial areas and could be used for RE generation

Utilisation of All Our Assets
- We embrace circular economy principles by utilising waste materials from our mills as feedstock for bioenergy through the operation of biogas plants and planned biomass initiatives. Consequently, we reduce the carbon intensity of SD Plantation's palm products and supply chain

Readiness for Emerging Trends
- Following the surge in RE demand, we are exploring future technologies such as battery energy storage systems (BESS), hydrogen, and agrivoltaics

Biogas & Biomass
- We are exploring more RE opportunities using biogas and biomass

GEOPOLITICAL RISKS

Potential Impact

Geopolitical unrest – such as the Russia-Ukraine and Israel-Palestine conflicts – affects the edible oil industry, causing fluctuations in demand, disruptions in global supply chains, and increased volatility in commodity prices.

Outlook

In 2024, geopolitical tensions rose further as a result of the evolving Israel-Palestine conflict. 2024 is also dubbed the year of elections, with many populous nations holding elections such as India, the US, Indonesia, Pakistan, Russia and Mexico, which are also major markets for edible oil consumption and production.

In the face of volatility, it is important for businesses to be cognisant of current and emerging risk trends as well as opportunities.

Our Response

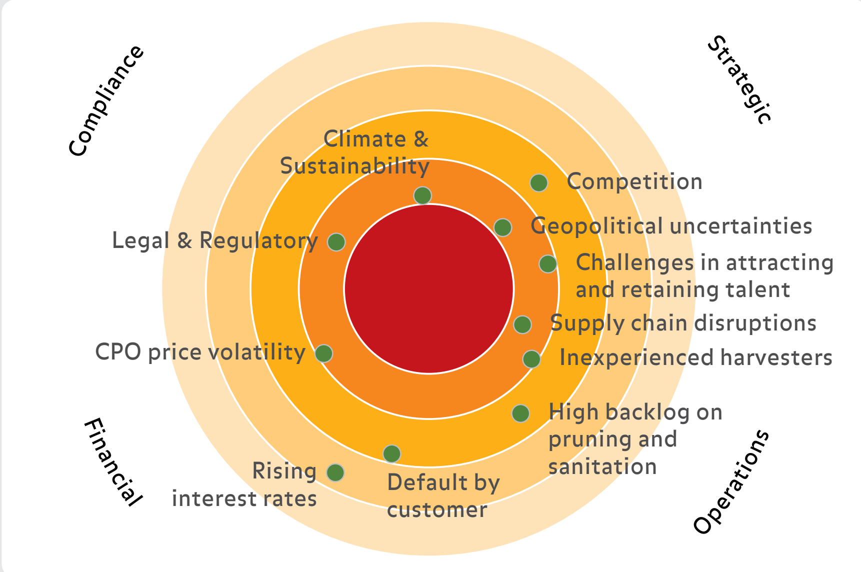
- Continue to monitor geopolitical developments
- Close engagement with customers and suppliers to understand impact
- Monitor global raw material prices to ensure budget accuracy

Managing Our Key Risks

As with any other industry, the palm oil industry faces numerous risks that could be potentially disrupt and impede the achievement of strategic targets. In response, Sime Darby Plantation (SD Plantation or the Group) has taken a proactive stance by systematically identifying both current and anticipated risks, and put in place mechanisms to manage and mitigate them. In the following pages, we outline our key risks as well as the strategies implemented to minimise their impact.

RISK TREND

INCREASED DECREASED STATIC



Note: Risk perspectives that are closer to the centre of the radar have either a significant impact/ strategic importance to SD Plantation and/or have a higher probability of occurrence.

1 Geopolitical Risk

RISK TREND (Increased)

DESCRIPTION

Geopolitical uncertainties from events such as the ongoing Russia-Ukraine and Israel-Palestine conflicts could affect demand from the Group's key markets, disrupt global supply chains and cause volatility in commodity prices.

FY2024 will see numerous general elections around the world. Elections in the countries where we operate – i.e. Indonesia and the Solomon Islands – could heighten political and security risks for the Group.

Potential Impact

- Decline in demand from key markets
- Increase in operating costs

Key Mitigation Strategies

- Continuously monitor key geopolitical developments that may expose the Group to systemic risks and realign strategies such as supply chain decisions
- On-the-ground and close engagement with customers and suppliers to monitor and understand the impact of geopolitical developments
- Close monitoring of global raw material prices to ensure accurate budget costing for projects
- Adopting appropriate selling strategies in response to the changing operating environment

Link to SD Plantation's Strategic Pillars

OE Operational Excellence

IN Innovation

Capital Impacted

FC MC SRC

Material Matters

M1 M2 M4 M5

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

M1 Operational Performance | M2 Macroeconomic Conditions | M3 Occupational Safety & Health Performance | M4 People Management | M5 Social and Environmental Impact | M6 Capital Management

Managing Our Key Risks

2 Supply Chain Risk

RISK TREND ▲

DESCRIPTION

Geopolitical uncertainties continue to pose a threat to global supply chains as international conflict could impact shipping routes, rates and availability.

Link to SD Plantation's Strategic Pillars

OE Operational Excellence

Capital Impacted: FC MC SRC

Material Matters: M1 M2 M3 M5

Potential Impact

- Disruption to business operations
- Increased cost of doing business (i.e. freight rates)

Key Mitigation Strategies

- Implement proper planning and inventory management
- Manage costs strategically by, for example, consolidating orders for better utilisation of containers and undertaking bulk purchases for economies of scale

3 Legal and Regulatory Risk

RISK TREND ▲

DESCRIPTION

Changes in the regulatory landscape in the markets where the Group operates may expose us to higher compliance costs and increased scrutiny.

Rising nationalistic sentiment, particularly in the countries with upcoming elections where the Group operates, exposes Sime Darby Plantation (SD Plantation) to the risk of unfavourable policies that could impact the Group's strategy, operations and financials.

Link to SD Plantation's Strategic Pillars

SS Sustainability

OE Operational Excellence

Capital Impacted: FC MC IC SRC

Material Matters: M1 M2 M3 M4 M5 M6

Potential Impact

- Increased cost of doing business
- More stringent regulatory requirements in the countries where the Group operates

Key Mitigation Strategies

- Proactive engagement and communication with all stakeholders to understand and, where possible, mitigate the potential impact of proposed regulatory changes
- Close liaison with local regulators or authorities to ensure continued compliance with any policy changes
- Active monitoring of potential policy changes to prevent any non-compliance

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

M1 Operational Performance | M2 Macroeconomic Conditions | M3 Occupational Safety & Health Performance | M4 People Management | M5 Social and Environmental Impact | M6 Capital Management

4 Climate and Sustainability Risk

RISK TREND ▲

DESCRIPTION

Sustainability posed a key risk in FY2023 with increasing scrutiny from customers and regulators resulting in stricter sustainability requirements (e.g. Mineral Oil Saturated Hydrocarbons (MOSH)/ Mineral Oil Aromatic Hydrocarbons (MOAH) and 3-monochloropropane diol (3MCPD) and Glycidyl fatty acid esters (GE) requirements).

An emerging risk includes the European Union Deforestation Regulation (EUDR) in response to climate change, which comes into effect on 30 December 2024.

Adverse or unpredictable/ unexpected weather conditions intensified by El Nino in countries where the Group operates may also have an impact on the safety and productivity of employees, yield and supply chain.

Potential Impact

- Increasingly stringent requirements from customers and regulators on sustainability practices
- Increased cost of doing business
- Adverse weather impacting yield and productivity

Key Mitigation Strategies

- Developed a strategy to achieve net-zero emissions by 2050 with targets that have been approved by the Science Based Targets initiative (SBTi)
- Implementing Project OMEGA initiative to accelerate food safety compliance and certification of SD Plantation's oil mills
- Active engagement with all stakeholders to communicate the Group's sustainability initiatives
- Continuous strengthening of sustainability practices on the ground, with monitoring and tracking to ensure compliance
- Climate risk management initiatives, e.g. community awareness of fire prevention in Indonesia; and water conservation, soil management, water irrigation and retention strategies

Link to SD Plantation's Strategic Pillars

- SS Sustainability
- OE Operational Excellence
- IN Innovation

Capital Impacted: FC MC IC SRC NC

Material Matters: M1 M3 M5

5 Operational Risk

RISK TREND ▼

DESCRIPTION

High backlog on pruning and sanitation

The labour shortage and reassignment of general workers to harvesting operations during the pandemic resulted in a substantial backlog for pruning and sanitation. However, this risk has been significantly reduced with the arrival of workers in FY2023.

Potential Impact

- Lower productivity leading to opportunity loss

Key Mitigation Strategies

- Mechanisation and automation initiatives, such as utilisation of specialised machinery, mechanical cutters and mini excavators
- Active recruitment of pruners
- Close monitoring by management

Link to SD Plantation's Strategic Pillars

- OE Operational Excellence
- IN Innovation

Capital Impacted: FC HC MC IC

Material Matters: M1 M3 M4

Managing Our Key Risks

6 People Risk

RISK TREND

DESCRIPTION

Inexperienced harvesters
Lack of relevant skills or experience among harvesters as new workers have little to no experience in harvesting.

Potential Impact
- Lower productivity leading to opportunity loss

Key Mitigation Strategies
- Accelerate mechanisation, automation and digitalisation initiatives in plantations, including finding technological solutions for harvesting
- Attract, retain and motivate local workers via improved remuneration, additional training, and collaboration with government agencies as well as educational institutions to tap into local talent
- Intensive on-the job training to accelerate skills development among harvesters, while actively monitoring their productivity and coverage
- Implement operational solutions such as team-based harvesting system fostering collaboration and specialisation

Link to SD Plantation's Strategic Pillars
- SS Sustainability
- OE Operational Excellence

Capital Impacted: FC HC MC IC SRC

Material Matters: M1 M3 M4

DESCRIPTION

RISK TREND

Challenges in attracting and retaining talent
Increased cost of living, challenging economic conditions, and the expansion of job markets beyond borders with new/remote ways of working increase the flight risk to our talent pool. There is also increased competition in attracting and retaining the right talent.

Potential Impact
- Lack of resources and diminished availability of specific skillsets, experience and knowledge to execute the Group's strategies

Key Mitigation Strategies
- Comprehensive succession plans for critical job functions, with succession planning made a key performance indicator (KPI) for key management personnel
- Continuous training and development through Digital Academy and Learning on Demand to enhance employees' skills and knowledge
- Robust performance management framework to identify and develop key talents
- Rewards review and benchmarking to ensure competitive remuneration packages
- Focus on employee well-being through programmes in collaboration with Naluri, Sime Darby Oil's Culture of Care and other initiatives

Link to SD Plantation's Strategic Pillars
- SS Sustainability
- OE Operational Excellence
- IN Innovation

Capital Impacted: FC HC MC IC SRC

Material Matters: M1 M3 M4

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

M1 Operational Performance | M2 Macroeconomic Conditions | M3 Occupational Safety & Health Performance | M4 People Management | M5 Social and Environmental Impact | M6 Capital Management

7 Competition Risk

RISK TREND ▲

DESCRIPTION

Competition risk escalates under challenging economic conditions, exacerbated by factors such as market demand for vegetable oils, increase in operating costs, inflationary pressure, and regulatory changes.

Link to SD Plantation's Strategic Pillars

- OE Operational Excellence
- IN Innovation

Capital Impacted: FC MC SRC NC

Material Matters: M1 M2 M5 M6

Potential Impact

- Intense price competition affecting profitability

Key Mitigation Strategies

- Close monitoring of customers' and competitors' strategies to better prepare for any shift in market trends
- Close engagement with customers to ensure competitiveness
- Continuous assessment and realignment of selling strategies to remain competitive
- Marketing activities to strengthen the Group's brand in key markets
- Operational initiatives to ensure quality of products and services as well as their differentiation

8 Commodity Risk

RISK TREND ◀▶

DESCRIPTION

The CPO price was volatile in FY2023 due to factors such as intense competition from other vegetable oils, weak demand for palm oil, as well as higher palm oil output.

Link to SD Plantation's Strategic Pillars

- OE Operational Excellence

Capital Impacted: FC MC IC

Material Matters: M1 M2 M6

Potential Impact

- Lower profitability
- Risk of higher inventories due to lower demand

Key Mitigation Strategies

- The Group uses derivative instruments to hedge against the risk of adverse price fluctuations
- Improve product and service offerings through diversification and differentiation of existing products

Managing Our Key Risks

9 Financial Risk

RISK TREND

DESCRIPTION

Soft demand for palm oil due to economic conditions, competition from other oils and high inventories could increase the risk of payment default by buyers as well as non-performance of contracts.

Link to SD Plantation's Strategic Pillars

OE Operational Excellence

Capital Impacted

FC MC SRC

Material Matters

M1 M2 M6

Potential Impact

- Financial losses

Key Mitigation Strategies

- Active monitoring of credit exposures and outstanding contracts at various levels of management including the Group Credit Committee
- Implementation of controls to manage deferment of delivery (e.g. obtain appropriate approvals)
- Enforcement of advance payment terms or more secured payment methods on higher-risk contracts
- Secure trade credit insurance to mitigate credit risk

DESCRIPTION

RISK TREND

High interest rates

Multiple interest rate hikes by central banks worldwide in FY2023 have increased the cost of financing for SD Plantation, suppliers and customers. This has indirectly increased the cost of doing business for all parties.

Link to SD Plantation's Strategic Pillars

OE Operational Excellence

Capital Impacted

FC MC SRC

Material Matters

M1 M2 M6

Potential Impact

- Increased financing costs

Key Mitigation Strategies

- The Group's gearing is diligently monitored and maintained at a reasonable level by optimising cash utilisation and assessing the currency of the Group's borrowings to manage interest rate risks
- Permitted derivative instruments such as short-tenure interest rate swaps are considered to protect against adverse interest rate movements

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

M1 Operational Performance | M2 Macroeconomic Conditions | M3 Occupational Safety & Health Performance | M4 People Management | M5 Social and Environmental Impact | M6 Capital Management

RISK APPETITE

SD Plantation's risk appetite is the amount of risk we are willing to accept in pursuit of our strategic objectives. Our risk appetite statements are guided by our Risk Appetite Framework. For more information on the Risk Appetite Framework, please refer to page 129.

Areas	Risk Appetite Statement
Growth	SD Plantation will pursue growth strategies that are clearly stipulated in the Board approved Strategy Blueprint. Due consideration as to the risks and mitigating actions pertaining to these strategies would be assessed at every iteration of the Strategy Blueprint.
Debt/Funding from operations	SD Plantation is committed to pursue strategies as stated in the Board approved Strategy Blueprint with investment and capital expenditure implications that facilitate it maintaining an adequate level of liquidity (as prescribed by the Board) and an appropriate credit rating from an external credit rating agency(s).
Reputation and brand image	SD Plantation will avoid any situation or action that will negatively impact our reputation and brand and, if an undesirable situation does arise, manage it aggressively to protect its reputation and brand image.
Robust risk and control environment	SD Plantation aims to maintain adequate controls for all key risks identified (including but not limited to strategic, operations, compliance and financial risks) in which the Group will endeavour to remain vigilant in risk identification and management to protect its business and reputation.
Environment	SD Plantation maintains its businesses in such a way as to minimise, to as low as reasonably practicable, risks to the environment as a matter of principle. The Group will comply with environmental laws and regulations and endeavour to maintain high standards.
Safety & Health	SD Plantation will minimise, to as low as reasonably practicable, risks to safety and health as a matter of principle. The Group will comply with safety and health laws and regulations and endeavour to maintain high standards.

Our Strategy Blueprint

SD Plantation's Strategic Charter (FY2023 – 2027)

FY2023-2027 SD Plantation's objectives and goals:

Sustainable YoY PATAMI Growth	Carbon Emission Reduction in line with Net-Zero Commitment	Improved Oil Yield	100% Traceable Commodities	100% Human Rights Risk Managed

FORGING GROWTH THROUGH SUSTAINABILITY AND INNOVATION

SUSTAINABILITY
"Sustainability Leadership that Differentiates"
SS

OPERATIONAL EXCELLENCE
"Strengthening & Growing the Core"
OE

INNOVATION
"Monetising Innovation for Growth"
IN

Strategic Priorities

SS
- Leadership in Climate Action and Social Performance
- Build Resilient Supply Chains
- Building Trust Through Engagement and Transparency

OE
- Performance Excellence Across All Businesses
- Delivery of Customer Value (Quality & Safety)
- Sustained Value Creation via Transformation

IN
- Innovation that drives Business Growth
- Digitalisation transforming Business Solutions and Integration
- Ecosystem to intensify Innovation Rigour

KEY ENABLERS

- Talent & Culture
- Research & Development
- Corporate Governance & Structure
- Capital Allocation & Portfolio Management
- Brand & Communication

Review of Strategic Performance

SD Plantation has developed a comprehensive five-year strategic blueprint that will serve as a roadmap for growth and ensure our long-term success at the forefront of our industry. Our strategy prioritises sustainability, leverages our core strength in operational excellence, and positions innovation as a key value driver while enabling us to future-proof our business.

SS Strategy Pillar I: Sustainability

Key Priorities/Focus Areas:

1. Leadership in climate action and social performance
2. Build resilient supply chain
3. Build trust through engagement and transparency

Resource Allocation

FC HC MC IC SRC NC

Initiatives

- Land use transformation – reforestation of suboptimal and unplantable areas and peat management
- Acceleration of renewables into solar and biogas
- Implement enhanced fair labour practices programme in Indonesia, Papua New Guinea (PNG), and Solomon Islands
- External validation of supply chain traceability data and No Deforestation, No Peat and No Exploitation (NDPE) International Reporting Framework
- Building climate resilient supply chains
- Rollout of Smallholder Programme
- Identification of strategic jurisdictional/landscape projects for SD Plantation participation
- Reduction in Roundtable on Sustainable Palm Oil (RSPO) non-compliance throughout SD Plantation operations
- Enhancing transparency and improve Sustainable Palm Oil Transparency Toolkit (SPOTT) ranking

Achievements

- Obtained the approval of the Science Based Targets initiative (SBTi) on our net-zero targets in November 2023
- Planted 2.28 million trees as of 2023
- Dedicated 400 hectares of peatland in operations in Sarawak, East Malaysia for reforestation, and restorating into a functional peat ecosystem, opting not to replant oil palm
- The completion of 2 biogas plants in 2023 and commissioning of 3 rooftop solar projects*
- SDO refinery carbon profiles completed
- Participated on international and local platforms (e.g. Innovation Forum, RSPO, large industry engagement platforms)
- SD Plantation supply chain traceability data and No Deforestation, Peat and Exploitation - Implementation Reporting Framework (NDPE-IRF) profiles for FY2022 were successfully verified externally
- SD Plantation's SPOTT Ranking improved from #7 to #4, our highest rating since the inception of the benchmarking in 2014

**The 3 rooftop projects are at SD Plantation Tower, R&D Banting and Center of Sustainability, and R&D Carey Island.*

Headline KPIs

- SPOTT evaluation and ranking
- Environmental, social and governance (ESG) ratings
- SBTi target validation
- Supply chain transparency

Priorities for 2024

- Execute net-zero carbon roadmap in stages
- Focus on biogas and solar expansion under renewable energy initiatives
- Intensify land use transformation across our operations
- Profile our leadership in social performance through enhanced labour practices
- Improve traceability to plantations across supply chains
- Support and facilitate adoption of responsible agriculture practices by smallholders
- Gain recognition as a sustainable supply chain partner of choice for customers
- Adopt leading standards for disclosures, such as the International Sustainability Standard Board IFRS S1 and S2

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

Review of Strategic Performance

OE Strategy Pillar II: Operational Excellence

Key Priorities/Focus Areas:

1. Performance excellence across all businesses
2. Delivery of customer value (quality & safety)
3. Sustained value creation via transformation

Resource Allocation

FC HC MC IC SRC NC

Initiatives

- Implementation of large-scale advanced mechanisation, automation, and digitalisation initiatives in plantations
- Maximising yield and minimising losses by adoptions of Best Practices and adherence to Agriculture Reference Manual (ARM). Ensuring continuous improvement in crop quality, sustaining optimal productivity and effective resources allocation
- Reduced dependence on foreign workers in Malaysia by modernising plantation work and offering attractive remuneration to qualified and skilled local workers
- Improving and standardising operations across 68 mills in four countries, to ensure all plants meet international food safety production standards
- Upstream are focussed on yield improvement. In addition to this, Indonesia is focussing on replanting and improving workers' living and working conditions. PNG and SI on the other hand, on product quality and cost efficiency

Achievements

- Launched Palm Digital and SMART platform
- Completed rollout of certain non-harvesting machinery
- FFB production in Malaysia increased 6% to 8,705,185 MT; OER was 21.18% (2022: 21.10%) and KER was 4.86% (2022: 4.87%)
- Reduced need for 1,973 general workers (not harvesters), as a result of mechanisation
- Certified 11 mills with the Hazard Analysis Critical Control Points (HACCP) since commencement of Project OMEGA, bringing total number of HACCP-certified mills in Malaysia to 15
- Met MOSH/MOAH target levels in NBPOL CPO production
- Achieved ideal harvester ratio i.e. sufficient number of harvesters in Malaysia Operations

Headline KPIs

- FFB production/yield
- OER & KER
- Mill utilisation
- Acreage replanted per annum
- Land-to-man ratio
- Sales of physical CPO
- Customer Satisfaction Index
- Organisational Health Index
- Revenue
- PBIT/PBT
- Overall Equipment Effectiveness
- Differentiated vs commodity ratio
- Refinery utilisation/availability
- Brand perception – External Customer Survey
- HSE Index
- Environmental, Social & Governance
- Culture of Care (CoC)
- Digitalisation
- Value Creation

Priorities for 2024

- Improve yield from all mature areas
- Strengthening the fundamentals toward operational excellence
- Streamlining the operations to best agro management practices as per the ARM
- Improve equipment efficiency at mills, produce CPO that meets food quality and safety standards
- Strengthen supply of quality raw materials with low levels of MOSH and MOAH
- Continue to create value through business transformation, and intensify focus on ESG in line with stakeholder expectations
- Continue to enhance critical areas of food safety, HSE and efficiency to meet highest standards, maintaining our leadership
- Improve customer experience via mechanisation, automation, and digitalisation, particularly in new product development
- Engage suppliers who embrace high labour standards within their supply chains to become more competitive and sustainable
- Pro-active marketing to reposition our products and create additional value from our leadership position

IN Strategy Pillar III: Innovation

Key Priorities/Focus Areas:

1. Innovation that drives business growth
2. Digitalisation to transform business solutions and integration
3. Ecosystem to intensify innovation rigour

Resource Allocation

FC HC MC IC SRC

Initiatives

- Yield enhancement through genomics
- Continuous product innovation to meet customer demand
- Emphasis on alternative crops as part of Food Strategy in support of the Malaysian national food security agenda
- Process and product enhancement using advanced network, digital and automation solutions
- Deployment of digital platforms to optimise workflows, increase efficiency, and streamline monitoring procedures for enhanced ESG governance
- Streamline supply chain operations through integrated business planning and market intelligence services
- Development of "digital workforce" of drones and unmanned ground vehicles for plantation work
- Identification of avenues for new business ventures

Achievements

- Commercialised our super-charged seeds in the market
- Development of new healthy bakery products, e.g., low calorie and Low Saturated Fatty Acids (SAFA) shortening, alignment of plant-based product development strategy with current products
- Met MOSH/MOAH specifications in NBPOL and grow volume for new commercialisation opportunities in Malaysia
- Digitisation of product and customer data to support growth
- Use of rentice land for cash crop farming
- Delivered traceability to mills for internal supply as planned for internal and external reporting

Headline KPIs

- Acreage planted with premium seedlings
- Expansion into new strategic businesses
- Develop innovation, digital-first and agile mindset among employees
- Upskill and reskill our employees through launch of SD Plantation Digital Academy to build a future-ready workforce
- Co-create innovative technology through internal cross-functional collaboration and external partnerships
- Strengthen our innovation ecosystem to support our innovation agenda

Priorities for 2024

- Accelerate business-as-usual initiatives for renewable energy, waste management and circular economy
- Improve management of risks associated with new ventures
- Enhance efficiency in automated data collection
- Continue to enhance process optimisation and reduce costs
- Adopt a customer-centric approach to improve customer satisfaction
- Explore novel business models with innovation as a core component
- Promote a strong innovation culture and digital and technology literacy through learning and development
- Strengthen our capabilities in data and analytics, product and design, and digital leadership
- Develop self-maintained tools and platforms to reduce reliance on external parties
- Intensify technology scouting and adoption of new technology
- Focussing on the completion of mechanisation, automation and robotics prototypes
- Accelerate deployment of selected mechanisation initiatives

FC Financial Capital | HC Human Capital | MC Manufactured Capital | IC Intelectual Capital | SRC Social & Relationship Capital | NC Natural Capital

Chief Financial Officer's Review

For the year 2023, SD Plantation reported a net profit of RM1.860 billion, translating to an earnings per share (EPS) of 26.9 sen, based on which the Company declared a total dividend of RM1.037 billion at 15.0 sen per share. These results were very commendable given the confluence of challenging events in our operating environment, particularly declining prices of oil seeds, demand fluctuations, high interest rates and the increased cost of borrowing. Although the prices of CPO and other commodities rallied in July 2023, the average for the year did not match 2022's exceptional prices.

INFLATION, HIGH INTEREST RATES AND LOWER COMMODITY PRICES

In the United States (US), to contain inflation which peaked at 9.1% in June 2022, the Federal Reserve increased interest rates 11 times. This achieved the intended results, with inflation gradually declining to 3.4% by December 2023; yet it remained above the Federal Reserve's target of 2%. On a positive note, the global energy crisis triggered by the Russia-Ukraine conflict in 2022, dissipated in 2023, resulting in healthy demand recovery. However, global trade is now affected by growing fears of the Israel-Palestine conflict spreading across the Middle East.

Overall, global growth decelerated from 3.5% in 2022 to 3.0% in 2023, well below the historical average of 3.8% between the years 2000–2019.

In Malaysia, the sharp rise in interest rates, together with adverse movements of the Ringgit against major currencies, put pressure on the cost of borrowing, and continued to negatively impact the economy. The price of CPO, as mentioned, softened considerably from the record-breaking highs of 2022, when the Malaysian Palm Oil Board (MPOB) monthly average reached its peak in the second quarter. However, lower-than-expected production in Malaysia and Indonesia, as well as concerns over the impact of El-Nino continued to provide support for prices.

More positively, the labour shortage situation facing the industries in Malaysia saw improvements with the arrival of more foreign workers subsequent to the Malaysian government rolling back its restrictions on hiring of foreign workers in February 2022. For SD Plantation, with the exception of our East Malaysia operations, this ensured that we finally enjoyed a full complement of workers in our estates and mills by the end of 2023. The shortage in Sabah and Sarawak is expected to be resolved by mid-2024.

Commendable Financial Performance

Despite the headwinds, SD Plantation closed the financial year ended 31 December 2023 (FY2023) with commendable results, registering a net profit of RM1.860 billion. It was, however, 25% lower than the preceding year's net profit, mainly due to lower recurring profit before interest and tax (PBIT) and higher finance costs, partially mitigated by higher non-recurring PBIT.

GROUP PROFIT/LOSS (RM'million)	2022	2023
Revenue	21,030	**18,428**
Recurring profit before interest and tax	3,324	**1,800**
Non-recurring transactions	291	**1,127**
Profit before interest and tax	3,615	**2,927**
Finance income	12	**23**
Finance cost	(135)	**(198)**
Profit before tax	3,492	**2,752**
Tax expenses	(809)	**(719)**
Profit after tax	2,683	**2,033**
Perpetual Sukuk	(124)	**(124)**
Non-controlling interests	(71)	**(49)**
Profit attributable to equity holders of the Company	2,488	**1,860**

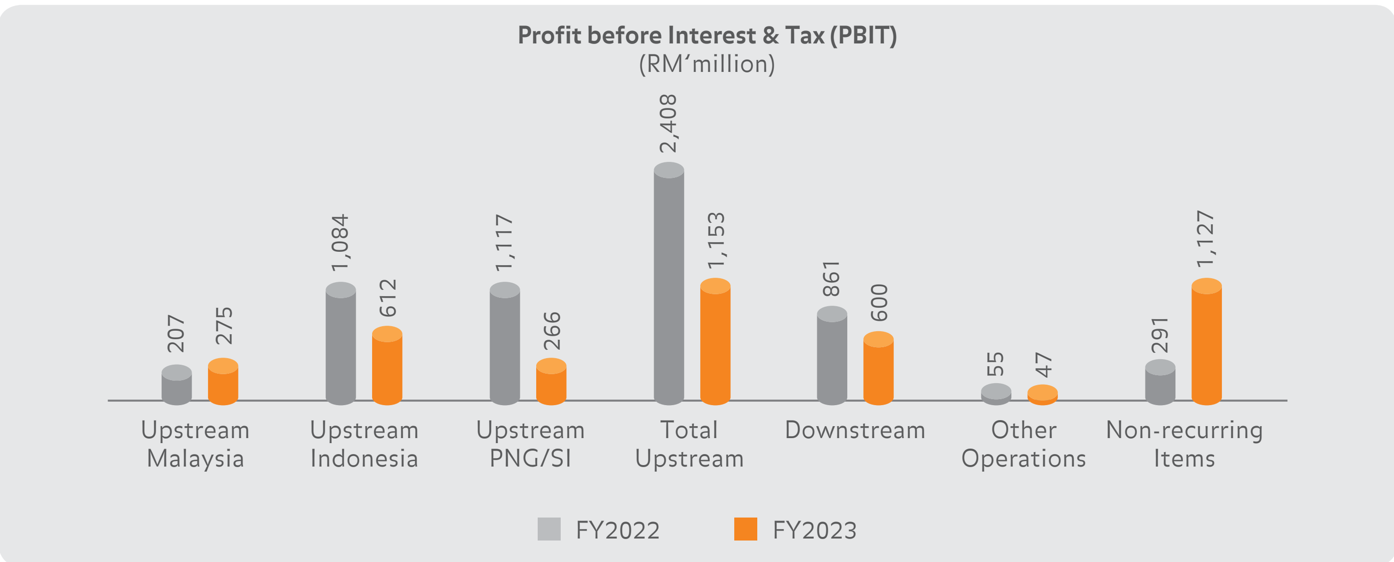
Recurring PBIT was largely affected by lower realised CPO and PK prices, and hence margin pressures, although this was mitigated by growth in overall FFB production year-on-year (YoY), driven by the recovery in our Malaysian operations.

Further affecting profit, our finance costs increased by a significant 47% YoY to RM198 million, driven up by the increase in benchmark lending rates. This was partially mitigated by our borrowing balance decreasing by an average of 6% during the year.

During the year we divested certain non-performing assets and marginal land as part of ongoing efforts to deleverage. This contributed to a non-recurring profit of RM1.127 billion, which comprised mainly of gains from the sale of land in Malaysia and the disposal of equity interests in two of the Group's wholly-owned subsidiaries in Indonesia, PT Ladangrumpun Suburabadi (PT LSI) and PT Sajang Heulang (PT SHE).

Lower CPO Price Reflected in Segmental Performance

The declining CPO price, together with margin pressures, naturally affected the Group's operating segments.



Chief Financial Officer's Review

The Upstream Operations reported a recurring PBIT of RM1.153 billion, 52% lower than the previous year's, largely due to the 15% and 35% decline in the average realised prices for CPO and PK respectively, and higher estate and mill operating costs. The latter was driven primarily by an increase in labour costs, particularly in Malaysia, where the Group is rehabilitating our operations. The Group also incurred higher maintenance costs in Papua New Guinea and the Solomon Islands where the estates were inundated by high rainfall and subsequent floods.

These margin pressures were partially compensated for by the 6% growth in FFB production during the year, driven by recovery in the Malaysian operations. Upon resolution of the labour shortage and improvement in operating conditions at the estates, production in Malaysia increased by 18% YoY. The CPO extraction rate (OER) also inched up to average at 21.18%, from 21.10% in 2022.

The Downstream segment reported a recurring PBIT of RM600 million compared to RM861 million in 2022. Strong profits were recorded by our European refineries due to higher margins and sales volume, driven by recovery from the energy price shocks experienced in 2022 and improved demand, as economies around the region picked up.

The Asia Pacific bulk and differentiated market segments remained challenging, registering lower margins as a result of declines in their average selling prices. Likewise, the trading segment also underperformed, owing to the adverse impact on price from higher-than-expected palm oil inventory levels in Malaysia, better output of competing oils as well as lower energy prices.

Managing Leverage Amid High Interest Rates & Depreciating Ringgit

One of our key priorities is to ensure the Group remains agile in times of economic stress, hence we continue to optimise leverage by driving down gearing. Maintaining an optimal borrowing profile has, moreover, become paramount in the face of rising interest rates and foreign exchange uncertainties.

Consistent efforts in this regard have resulted in SD Plantation's gearing improving tremendously since our listing, with net debt reducing from RM6.540 billion as at end 2017 to RM4.452 billion at end 2023. The Group's gearing ratio, measured as net debt to equity (DE ratio), fell to 29% at the end of 2022, achieving our leverage aspiration of less than 30%, one year ahead of target. As of 31 December 2023, the Group's net DE ratio reduced further to 22%.

Despite constraints in the financial markets with persistent inflation and an escalating cost of borrowing, the Group successfully raised new term loan facilities exceeding RM2.5 billion in 2023. The new banking facilities, which are integral to SD Plantation's continuous debt management, comprise mostly Ringgit denominated borrowings, taking advantage of the weak ringgit, and prevailing lower interest rates, compared to USD denominated borrowings.

The new banking facilities will also reduce the Group's foreign exchange risk by lowering our exposure to fluctuating foreign currencies. As of 31 December 2023, 43% of the Group's borrowings were denominated in USD, compared to 63% a year earlier, despite the significant appreciation of the greenback against Ringgit in 2023.

The Group's net borrowings as of 31 December 2023 decreased by RM1.009 billion to RM4.452 billion, mainly due to net loan repayments totaling RM1.029 billion and a net increase in cash of RM201 million, enabled by surplus cash generated from our operations. Our net repayment mitigated the impact of appreciating foreign currencies against the Ringgit, resulting in a lower total borrowing balance.

Maintaining Prudence in Capital Management

Prudent capital management is critical for maximising returns to the Group as well as mitigating risks associated with capital depreciation, financial distress, value dilution or corporate credit rating downgrades. The Group strives to optimise our capital allocation by balancing our resources among competing requirements while managing our financial targets.

SD Plantation's capital allocation in 2023 was as follows:

RM'million	2022	2023
Funds from operations & divestments:		
Operating cash flow	3,644	**3,075**
Proceeds from disposals	438	**1,466**
Dividend income & others	63	**10**
Finance cost, net of finance income	(177)	**(303)**
Total available capital	3,968	**4,248**
Uses of funds:		
Capital expenditure	1,729	**2,129**
Dividends & perpetual sukuk distribution	1,751	**820**
Reduction in net debt	458	**1,230**
Repayment of leases & others	30	**69**
Total allocation	3,968	**4,248**

In order to grow our production capacity, RM1.073 billion – or 50% of the Group's total capital expenditure of RM2.129 billion for the year – went towards oil palm planting. As of 31 December 2023, the Group had 81,505 ha of immature oil palm areas planted with improved planting materials which will lead to higher potential yields in the future.

The Group paid a total of RM820 million in dividends to shareholders of the Group's holding company and minority shareholders of our subsidiaries, together with distribution to holders of the Group's perpetual sukuk, ensuring sufficient returns on investments.

Meanwhile, in line with our objective to reduce our leverage and ensure good credit standing, the Group reduced our net debt by RM1.230 billion during the year.

Meeting Our Dividend Policy

SD Plantation declared a total dividend of RM1.037 billion for FY2023, which represents a payout of approximately 63% of the Group's recurring net profits and 50% of net profits from non-recurring activities. This exceeds the Group's policy of distributing not less than 50% of the consolidated recurring net earnings as dividends to shareholders.

Details of the dividends are as follows:

	FY2022		**FY2023**	
	Net per share (sen)	RM'million	Net per share (sen)	RM'million
Interim dividend	10.00	692	**3.25**	**225**
Special dividend	–	–	**5.70**	**394**
Final dividend	6.04	418	**6.05**	**418**
	16.04	1,110	**15.00**	**1,037**

OUTLOOK FOR 2024

Although CPO demand is expected to remain steady in the long term, near-term demand could be impacted by seasonally high stockpiles in key destination countries as well as continued geopolitical risks and the likelihood of further moderation in global economic growth. On the supply side of the equation, unpredictable weather is a concern for vegetable oils production globally. This in turn, is anticipated to provide favourable support for CPO price in 2024.

With the improved labour situation and rehabilitation of our Upstream Malaysia operations, the Group is optimistic of sustaining our FFB production growth in 2024. Whilst continuing with operational improvement efforts, SD Plantation also actively seeks strategic collaborative opportunities to advocate positive change in the industry.

Taking these factors into consideration, and barring any unforeseen circumstances, the Group remains positive about our short and long-term prospects; and looks forward to another satisfactory performance in FY2024.

RENAKA RAMACHANDRAN
Chief Financial Officer

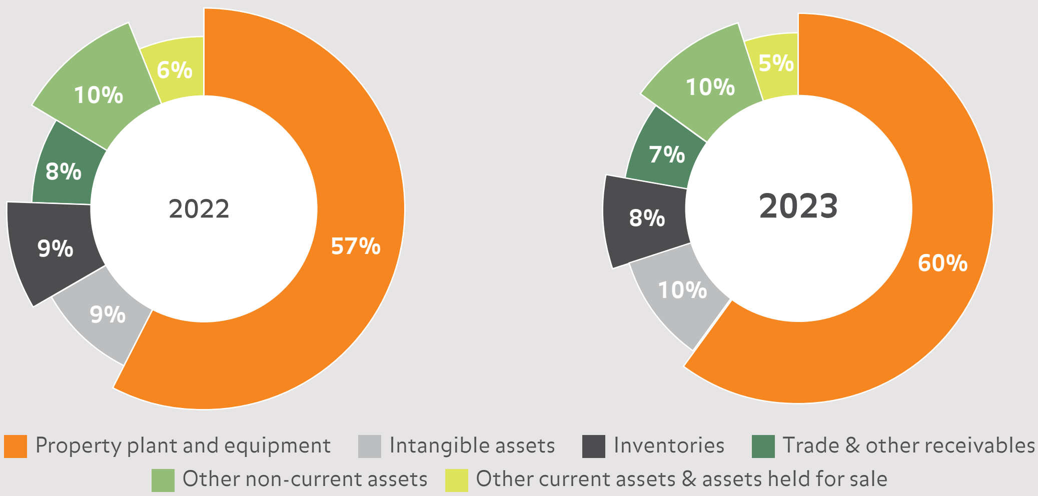
5-Year Group Financial Summary

FINANCIAL YEAR ENDED (RM'000)	FY 31 December 2019	2020	2021	2022	2023
FINANCIAL RESULTS					
CONTINUING OPERATIONS					
Revenue	12,001,593	13,044,271	18,532,714	21,029,690	18,427,883
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,615,960	3,077,921	5,005,271	4,987,137	4,359,334
Profit before interest and tax	409,947	1,853,374	3,673,916	3,614,596	2,927,303
Profit before tax	255,377	1,754,250	3,600,069	3,492,200	2,752,455
Profit after tax	278,946	1,288,724	2,490,685	2,683,270	2,033,379
Perpetual sukuk	(124,300)	(124,641)	(124,300)	(124,300)	(124,300)
Non-controlling interests	(28,952)	(53,352)	(111,694)	(70,895)	(49,039)
Profit from continuing operations attributable to equity holders of the Company	125,694	1,110,731	2,254,691	2,488,075	1,860,040
DISCONTINUED OPERATIONS					
(Loss)/profit from discontinued operations attributable to equity holders of the Company	(325,854)	73,838	–	–	–
(Loss)/profit attributable to equity holders of the Company	(200,160)	1,184,569	2,254,691	2,488,075	1,860,040
FINANCIAL POSITION					
Share capital	1,506,119	1,506,119	1,633,790	1,633,790	1,633,790
Reserves	11,754,854	12,147,381	13,554,332	14,733,439	16,108,766
Shareholders' equity	13,260,973	13,653,500	15,188,122	16,367,229	17,742,556
Perpetual sukuk	2,231,398	2,231,398	2,231,398	2,230,717	2,231,058
Non-controlling interests	368,351	384,850	436,641	418,068	432,799
Total equity	15,860,722	16,269,748	17,856,161	19,016,014	20,406,413
Borrowings	7,744,927	6,682,203	6,250,676	6,096,488	5,282,303
Liabilities associated with assets held for sale	35,735	17,699	138,513	139,100	12,260
Other liabilities	4,866,338	5,351,001	6,090,382	5,896,524	6,185,478
Total equity and liabilities	28,507,722	28,320,651	30,335,732	31,148,126	31,886,454
Non-current assets	23,541,567	23,476,819	23,318,312	23,908,544	25,511,672
Current assets excluding Cash	4,012,270	4,369,523	5,806,885	5,953,585	5,378,541
Assets held for sale	522,538	165,280	607,972	651,004	165,859
Cash	431,347	309,029	602,563	634,993	830,382
Total assets	28,507,722	28,320,651	30,335,732	31,148,126	31,886,454
FINANCIAL RATIOS					
Operating margin (%)	3.4	14.3	19.6	16.9	15.7
Return on shareholders' equity (%)	(1.5)	8.7	14.8	15.2	10.5
Net Debt/Equity (%)	46.1	39.2	31.6	28.7	21.8
Net Debt/EBITDA (times)	4.5	2.1	1.1	1.1	1.0
SHARE INFORMATION[1]					
Basic earnings per share (sen)	(2.9)	17.2	32.6	36.0	26.9
Net assets per share attributable to owners of the Company (RM)	1.9	2.0	2.2	2.4	2.6
Net dividend per share (sen)	1.0	11.6	20.3	16.0	15.0

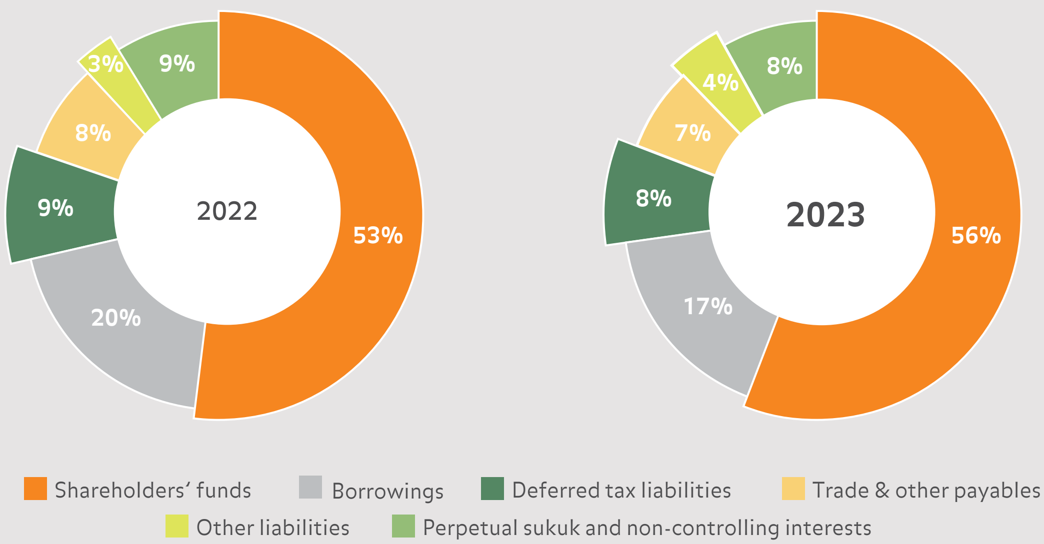
[1] *Based on number of ordinary shares in issue of 6,884,575,283 as at 31 December 2019 and 31 December 2020, and 6,915,714,601 as at 31 December 2021, 31 December 2022 and 31 December 2023.*

Simplified Statements of Financial Position

TOTAL ASSETS

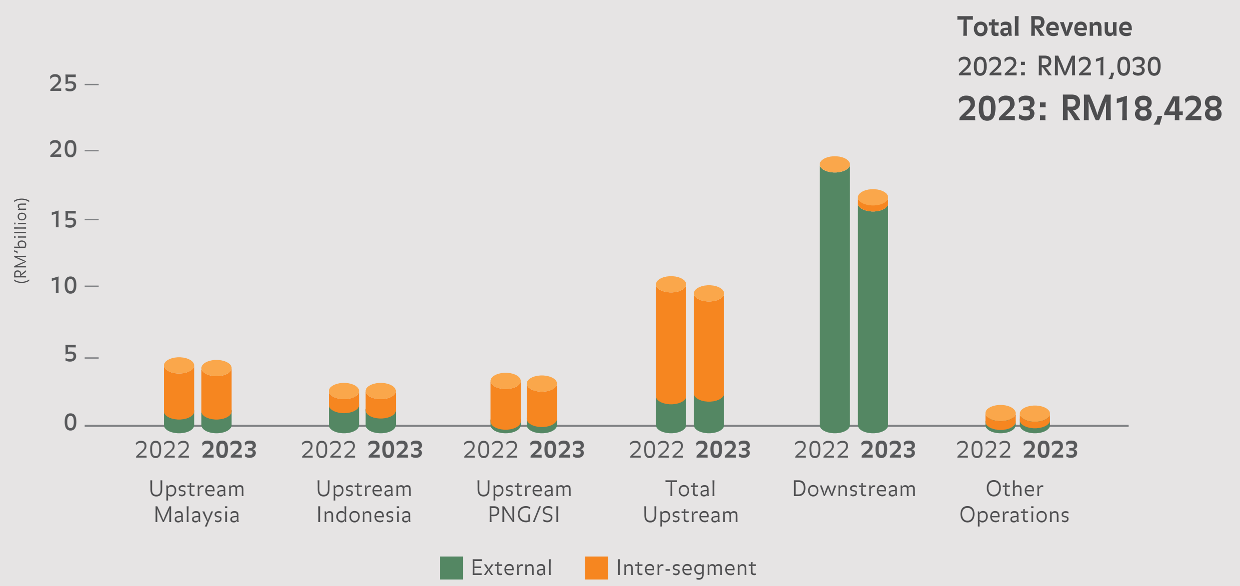


TOTAL EQUITY AND LIABILITIES

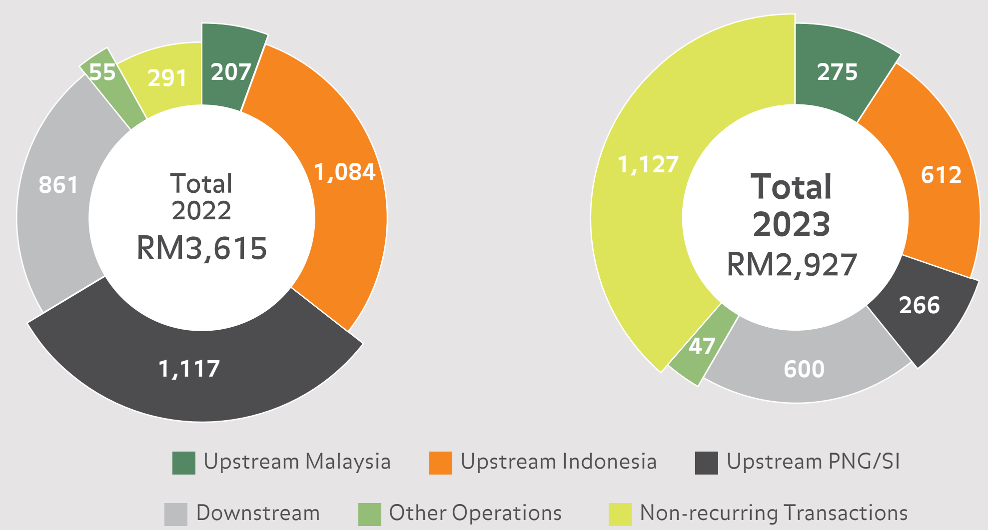


Segmental Analysis

REVENUE (RM'million)



PROFIT BEFORE INTEREST & TAX (RM'million)



Statement of Value Added & Value Distribution

RM'million	2022	2023
VALUE ADDED		
Turnover	21,030	**18,428**
Direct & Indirect Costs	(14,229)	**(12,333)**
Value Added from Operations	6,801	**6,095**
Other Operating Income	838	**1,392**
Other Gains/(Losses)	41	**(113)**
Share of Results of Joint Ventures	37	**39**
Share of Results of Associates	15	**1**
Finance Income	12	**23**
Total Value Added	7,744	**7,437**
VALUE DISTRIBUTED		
Employees	2,750	**3,069**
Government & Society	849	**750**
	3,599	**3,819**
Providers of Capital		
Dividends to Equity holders of Company	1,548	**642**
Finance Costs	197	**336**
Non-controlling Interests	71	**49**
Perpetual Sukuk	124	**124**
	1,940	**1,151**
Reinvestment and Future Growth	2,205	**2,467**
Total Value Distributed	7,744	**7,437**

Quarterly Performance

RM'million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2023
Revenue	**4,069**	**4,305**	**4,774**	**5,280**	**18,428**
Operating profit	**301**	**520**	**1,645**	**421**	**2,887**
Profit before interest & tax	**303**	**527**	**1,661**	**436**	**2,927**
Profit for the period/year	**108**	**422**	**1,259**	**244**	**2,033**
Profit attributable to equity holders of the Company	**69**	**380**	**1,211**	**200**	**1,860**
Earnings per share (Sen)	**1.0**	**5.5**	**17.5**	**2.9**	**26.9**

RM'million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2022
Revenue	4,381	5,587	5,392	5,670	21,030
Operating profit	1,029	1,109	618	807	3,563
Profit before interest & tax	1,060	1,146	622	787	3,615
Profit for the period/year	780	862	431	610	2,683
Profit attributable to equity holders of the Company	718	812	396	562	2,488
Earnings per share (Sen)	10.4	11.7	5.7	8.1	36.0

3-Year Plantation Statistics

	FY2021 (January 2021 - December 2021)			
	Malaysia	Indonesia	PNG & SI	Total
FFB Production (in MT)	4,630,138	2,609,306	1,889,565	**9,129,009**
OP Hectarage (in ha)				
• Mature hectares	256,381	159,874	85,451	**501,706**
• Immature hectares	40,612	31,950	5,440	**78,002**
• Total planted hectares	296,993	191,825	90,890	**579,708**
Yield per Hectare (in MT/ha)	18.54	16.47	22.06	**18.49**
FFB Processed (in MT)				
• Own	4,626,249	2,608,159	1,889,565	**9,123,973**
• Outside	717,966	590,217	557,174	**1,865,357**
• Total	5,344,215	3,198,376	2,446,739	**10,989,330**
Mill Production				
• Crude Palm Oil (in MT)	1,119,997	692,818	559,686	**2,372,501**
• Palm Kernel (in MT)	265,305	144,253	139,166	**548,724**
• Oil Extraction Rate (%)	20.96	21.66	22.87	**21.59**
• Kernel Extraction Rate (%)	4.96	4.51	5.69	**4.99**
Rubber				
• Planted hectare (in ha)	12,013			**12,013**
• Rubber production (in kg)	3,840,036			**3,840,036**
• Yield per Hectare (kg/ha)	800			**800**
Coconut				
• Planted hectare (in ha)	139			**139**
Sugarcane				
• Planted hectare (in ha)			5,637	**5,637**
• Cane yield (MT/ha)			40.74	**40.74**
Beef Production				
• Total herd as at December (in heads)			27,499	**27,499**
• Average deadweight (kg/head)			280	**280**
Total Landbank/Concession	341,815	256,169	146,646	**744,630**

FY2022 (January 2022 - December 2022)				FY2023 (January 2023 - December 2023)			
Malaysia	Indonesia	PNG & SI	Total	Malaysia	Indonesia	PNG & SI	Total
3,513,096	2,780,881	1,912,796	**8,206,774**	4,149,629	2,684,735	1,870,821	**8,705,185**
253,129	158,336	84,839	**496,304**	253,864	149,202	83,752	**486,818**
42,969	32,878	5,963	**81,810**	41,274	33,021	7,210	**81,505**
296,098	191,214	90,802	**578,114**	295,138	182,223	90,962	**568,323**
14.01	17.66	22.37	**16.63**	16.71	17.58	22.07	**17.92**
3,513,096	2,780,881	1,912,796	**8,206,774**	4,149,622	2,676,343	1,870,821	**8,696,786**
722,712	555,656	587,697	**1,866,065**	623,774	537,837	558,922	**1,720,532**
4,235,809	3,336,537	2,500,493	**10,072,839**	4,773,396	3,214,180	2,429,743	**10,417,319**
846,688	711,340	567,156	**2,125,184**	973,859	696,177	536,008	**2,206,044**
204,000	143,781	142,697	**490,478**	229,759	140,636	135,484	**505,879**
19.99	21.32	22.68	**21.10**	20.40	21.66	22.06	**21.18**
4.82	4.31	5.71	**4.87**	4.81	4.38	5.58	**4.86**
5,009			**5,009**	4,895			**4,895**
1,774,035			**1,774,035**	1,231,046			**1,231,046**
363			**363**	248			**248**
278			**278**	304			**304**
		5,637	**5,637**			5,637	**5,637**
		41.02	**41.02**			41.02	**41.02**
		27,490	**27,490**			28,189	**28,189**
		290	**290**			279	**279**
341,535	256,007	146,646	**744,188**	340,953	242,127	146,790	**729,870**

Financial Calendar

For the financial year ended 31 December 2023

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS

Quarter	Period	Announcement Date
1st Quarter	Ended 31 March 2023	24 May 2023
2nd Quarter	Ended 30 June 2023	23 August 2023
3rd Quarter	Ended 30 September 2023	24 November 2023
4th Quarter	Ended 31 December 2023	22 February 2024

DIVIDEND

Announcement Date	Entitlement Date	Payment Date
Interim dividend of 3.25 sen per ordinary share		
23 August 2023	2 November 2023	17 November 2023
Special interim dividend of 5.70 sen per ordinary share		
27 October 2023	27 December 2023	24 January 2024
Final single tier dividend of 6.05 sen per ordinary share		
22 February 2024	6 May 2024	20 May 2024

21ST ANNUAL GENERAL MEETING

Notice Date : 25 April 2024

Meeting Date : 28 May 2024

Investor Relations

At Sime Darby Plantation (SD Plantation or the Group) our investors and shareholders are not only critical providers of financial capital but are also contributors to our governance structure which is crucial to ensure the company's sustained growth and success. To maintain confidence and manage their expectations, our experienced Investor Relations team engages regularly with our investor community who also comprises fund managers, financial analysts, credit rating agencies and ESG rating agencies. Our priority is to keep them updated on the Group's material developments, providing fair and balanced information on matters that are of interest to them, transparently and in a timely fashion.

HOW WE ENGAGE WITH OUR INVESTOR COMMUNITY

Our Investor Relations (IR) team has a well-planned calendar of events encompassing quarterly results announcements and briefings, annual general meetings (AGMs), roadshows, site visits as well as group and one-on-one meetings with members of the investor community. This is in addition to responding efficiently to requests or queries received; and posting important information as well as updates on the IR microsite of the Group's corporate website.

Since the pandemic, we have conducted most of our engagements with the investor community online, as per the government's and our own standard operating procedures (SOPs). For safety precautions, our AGMs have also been conducted virtually since 2020, and the same format will be applied for the upcoming AGM to be held on 28 May 2024. Holding the AGM virtually, moreover, ensures that all shareholders are able to attend the proceedings, including those living overseas.

We issue our quarterly financial results on Bursa Malaysia as per the Main Market Listing Requirements (MMLR). In conjunction with releasing these results, we organise analyst briefings, where analysts and fund managers can pose any queries they may have with regard to SD Plantation's performance to assist them in deriving fair market evaluation of the company and recommendations on the Group. The quarterly announcements and presentations are also shared publicly on our corporate website.

All IR engagements are led by authorised spokespersons including the Group Managing Director, Chief Financial Officer and Head of IR to ensure credibility and effective communication. The GMD and CFO lead the investor relations activities with support from the IR team.

INVESTOR CONFERENCES

We participate regularly in investor conferences organised by research houses and fund managers to increase our visibility within the investor community, and to provide our input and investment insights on the plantation industry. During the year, we participated in the following conferences:

Event	Date	Physical/Virtual
CGS-CIMB Annual Malaysia Virtual Corporate Day	4 January	Conference Call
UBS OneASEAN Conference	30 May – 1 June	Physical
BNP Paribas Global ESG Corporate Access	27 June	Physical
CIMB ESG Corporate Day	12 September	Physical
RHB Sectorial Series X Bursa Malaysia: Plantation	26 September	Conference Call

SITE VISITS

We encourage investors, fund managers and analysts to visit our plantations/estates for a better understanding and a first-hand experience of how we manage our operations and business. During the year, two plantation visits were organised:

Visit	Date
Affin Hwang ESG themed visit to Tennamaram Estate	14 March 2023
UBS Plantation Day visit to Carey Island	2 August 2023

Investor Relations

ANALYST COVERAGE

The following 17 analysts, representing local and international research houses, covered our stock in 2023. As at end 2023, the average target price of our stock stood at RM3.18, with 4 Buy, 10 Hold and 3 Sell recommendations.

No.	Research House	Analyst(s)
1	Affin Hwang Investment Bank Berhad	Nadia Aquidah
2	AmInvestment Bank Berhad	Gan Huey Ling
3	BIMB Securities Sdn Bhd	Noorhayati Maamor
4	Citi Research	Lester Siew
5	CLSA Securities Malaysia Sdn Bhd	Abdul Hadi Manaf
6	Hong Leong Investment Bank Berhad	Chye Wen Fei
7	KAF Equities Sdn Bhd	Thomas Soon
8	Kenanga Investment Bank Berhad	Teh Kian Yeong
9	Macquarie Capital Securities (Malaysia) Sdn Bhd	Huan Wen Gan
10	Maybank Investment Bank Berhad	Ong Chee Ting
11	MIDF Amanah Investment Bank Berhad	Team coverage
12	Nomura Securities International Inc.	Raghavendra Divekar
13	Public Investment Bank	Chong Hoe Leong
14	RHB Investment Bank Berhad	Hoe Lee Leng Syahril Hanafiah
15	TA Securities Holdings Berhad	Angeline Chin
16	UBS Securities Pte. Ltd.	Amanda Foo
17	UOB Kay Hian Private Limited	Leow Huey Chuen Jacquelyn Yow Hui

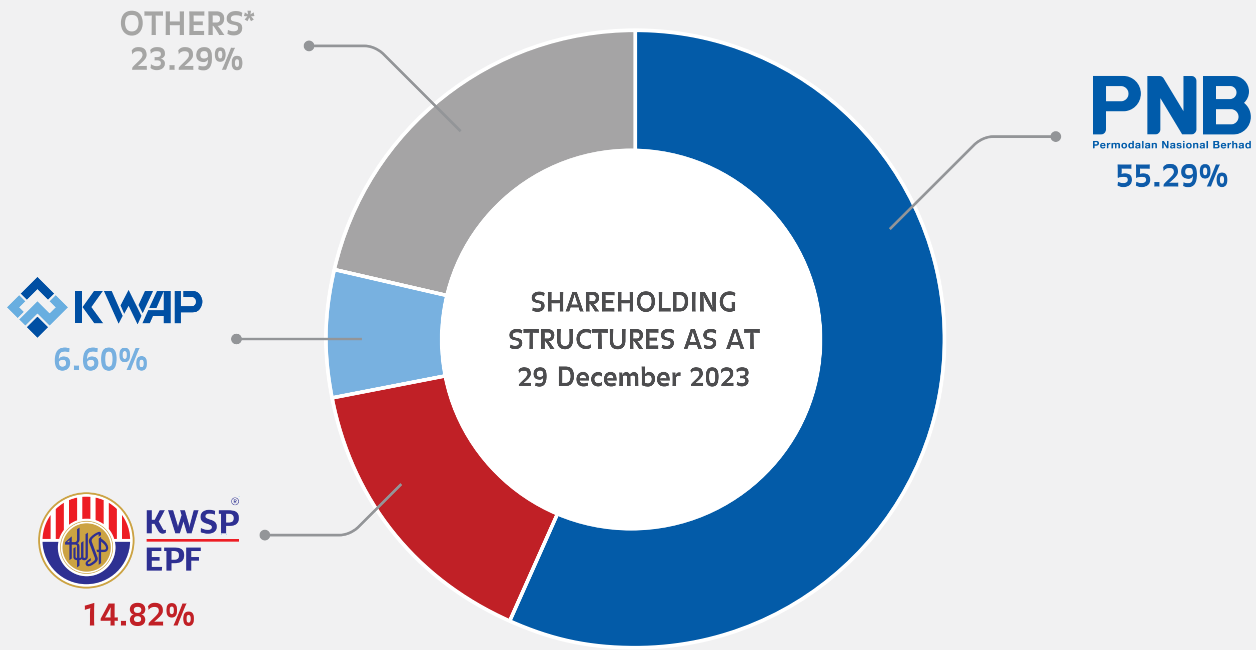
In the table below, we itemise the issues that analysts/fund managers brought up the most, as well as our latest updates on those issues:

Issue	Summarised Update	Revelant disclosures on pages
Modification of findings by the USCBP	• On 3 February 2023, the USCBP announced it had modified the forced labour finding against SD Plantation • This came following the comprehensive measures we took to ensure the Group's operations are free from forced labour, such as the reimbursement of all recruitment fees incurred by our former and current workers • To ensure the changes implemented are sustained, the Group has introduced improved grievance channels and procedures as well as social dialogue platforms for workers, the latter being the industry's first. We also enhanced our recruitment procedures and introduced an ESG scorecard in our operations to drive behavioural change	
ESG matters (net-zero/SBTi submission/ biodiversity & conservation, etc)	• In November 2023, SD Plantation became the world's first palm oil company to have net-zero targets that are approved by the Science Based Targets initiative (SBTi) • We are expanding our reforestation, conservation, biodiversity as well as reforestation efforts with initiatives such as rehabilitating 400 ha of peatland in our Sarawak estates • Through smallholder support programmes, we educate and assist smallholders to get their operations sustainably certified	

Issue	Summarised Update	Revelant disclosures on pages
Our growth strategy/ expansion plans	• The key pillars of our growth strategy are operational excellence, sustainability and innovation **Operational excellence** • Our immediate focus under the operational excellence pillar, is the rehabilitation of our Malaysian operations with the availability of more foreign workers in our operations, especially harvesters, to help us improve our productivity. We also continue to focus on improving efficiency, occuptional safety and the standards of our operations and mills to become food-safe compliant facilities and explore further value creation/circular economy initiatives to add value to our by-products • Following an acute labour shortage for two years our Malaysian operations focussed on addressing the labour shortage through the recruitment of foreign workers and attracting more locals as well as accelerating our mechanisation and automation efforts. **Sustainability** • Under the sustainability pillar, the immediate key focus would be on the execution of our Net-Zero Roadmap in stages and achieving a 100% NDPE-committed supply chain by 2025 • On the social front, we are also committed to pushing for changes/improvements in the industry by continuing to take on leadership roles and advocate for more positive changes (for example our CFO is Co-Chair of the Roundtable on Sustainable Palm Oil (RSPO) Human Rights Working Group) **Innovation** • The innovation pillar will ensure that we are able to future proof our business through actionable and differentiated insights	
Innovation/ mechanisation automation & digitalisation	• SD Plantation has made great progress in automating and mechanising our operations to reduce our reliance on manual labour and attract more locals as we strive for a 100% local workforce (for non-harvesting work) in our Malaysian plantations by end 2027 (with a proviso that a solution for a mechanised/ automated cutter is achieved) • We are introducing new roles and skills in plantation work, such as drone pilots, bot operators and maintenance and software engineers as we use data and robotics to improve productivity and efficiency • We are also driving innovation through active third-party collaboration to complement our internal resources	
Financial and operational performance	• CPO prices in 2023 were lower than the record highs seen in 2022 and generally less volatile, with prices hovering between RM3,500 to RM3,800 for the most part of 2H • Cost of production increased with substantial hike in the cost of fertiliser and labour, the latter due to one-off recruitment costs as we filled up our labour shortage and the impact from higher minimum wage rate in Malaysia. The rehabilitation efforts in our estates in Malaysia further increased costs as our operations caught up with estate upkeep activities that needed to be done • OER and yields in Malaysia, which were affected in 1H due to labour shortage over the last two years, improved in second half of FY2023 following with our estate rehabilitation initiative • On the downstream front, our operations in Europe performed extremely well with higher margins and volumes which helped to mitigate poor performance in the Asia-Pacific operations impacted by the challenging market conditions	

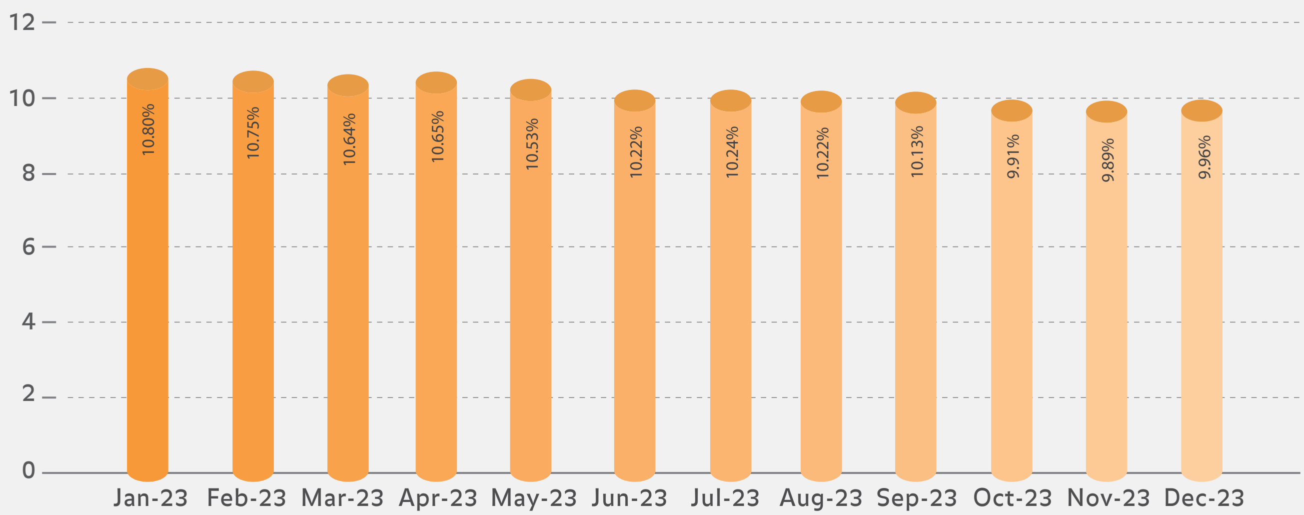
Investor Relations

SHAREHOLDER INFORMATION



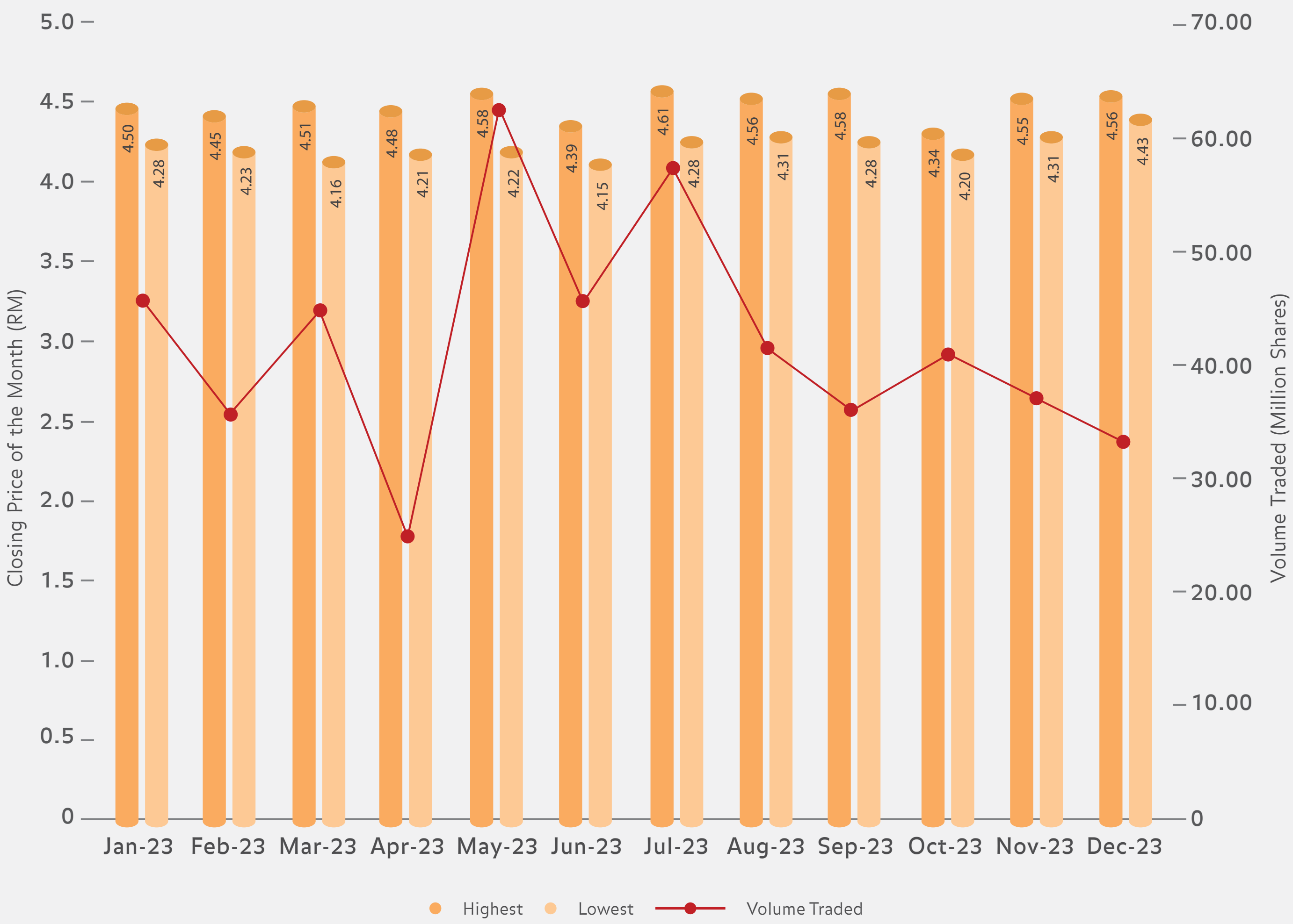
*Includes 9.96% foreign shareholding

We also have a sizeable number of foreign investors who make up approximately 10% of our shareholding.



Foreign Shareholding in SD Plantation From January to December 2023

SHARE PRICE MOVEMENT IN 2023



	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
Highest (RM)	4.50	4.45	4.51	4.48	4.58	4.39	4.61	4.56	4.58	4.34	4.55	4.56
Lowest (RM)	4.28	4.23	4.16	4.21	4.22	4.15	4.28	4.31	4.28	4.20	4.31	4.43
Volume Traded (Million shares)	45.48	35.66	44.76	24.81	62.45	45.72	57.30	41.38	35.96	40.83	37.02	33.19

CONTACT

Members of the investor community who would like to get in touch with the IR team can email us at investor.relations@simedarbyplantation.com

Business Review

Upstream

Our upstream business involves the development, cultivation and management of oil palm plantations and milling of fresh fruit bunches (FFB) into crude palm oil (CPO) and palm kernel (PK). We manage 234 plantation estates and 68 palm oil mills in Malaysia, Indonesia, Papua New Guinea (PNG) and the Solomon Islands (SI) spread across a total landbank of 729,870 hectares (ha).

We also develop, cultivate and manage sugarcane plantations, and rear cattle for beef production.

With R&D capabilities encompassing all research requirements across our integrated value chain, we have pioneered various innovations to improve plantation yields and operations. Our breakthrough in oil palm genomics resulted in the award-winning high-yielding GenomeSelect™ seeds which are now commercially available. Through mechanisation, automation and digitalisation, we are transforming laborious manual work in plantations and reimagining oil palm plantations of the future. Firmly rooted in sustainable operations, our mills are 100% certified to the Roundtable on Sustainable Palm Oil (RSPO), making us one of the world's largest producers of Certified Sustainable Palm Oil (CSPO).

Key Focus Areas

- **Replanting**: We target to replant 100% of our plantations with GenomeSelect™ for optimum productivity
- **Manuring**: We adhere to best practices to ensure our palms grow and produce optimally. This includes proper timing of fertiliser application to maximise nutrient uptake
- **Reimagining plantations**: We are transforming our plantation operations to become tech-driven through intense mechanisation, automation and digitalisation
- **Mills transformation:** Accelerating certification of SD Plantation oil mills as food safety compliant facilities under the Project OMEGA

2023 OVERVIEW

Inflation and the depreciation of the Ringgit contributed to the increase in fertiliser and chemical prices resulting in higher cost of agricultural inputs. This required SD Plantation to closely monitor our expenses while forging ahead with our rehabilitation efforts in Malaysia and replanting programmes in Indonesia.

In Malaysia, favourable weather and the availability of more labour, especially harvesters, led to increased productivity in the second half of the year. Meanwhile, better quality FFB and enhanced efficiencies at the mills led to a higher oil extraction rate (OER). For the year, Malaysia's FFB yield increased by 18% to 4.15 million metric tons (MT) while OER stood at 20.4% (2022: 19.99%).

In Indonesia, the accelerated replanting programme carried out since 2016 is addressing the age profile our of plantations, especially in South Kalimantan, resulting in increased quantity and quality of FFB as well as OER. Results have been further enhanced since fields replanted with the superior DxP iCalix seeds, beginning 2019, have started to mature. These seeds, produced at the Planting Material Unit of Minamas Research Centre in Siak, Riau Province, have led to a 10-fold increase in production and sales. In 2023, the replanting contributed to an increase in the country's OER from 21.32% to 21.66%. Impacted by a five-month dry spell induced by El Nino, however, FFB yield dropped by 3% year-on-year (YoY) to 2.69 million MT. Indonesia will continue to see positive returns from the replanting exercise undertaken, as each year, an average of 10,000 ha of newly replanted fields will come into maturity.

PNG and SI, meanwhile, experienced a 36% YoY increase in rainfall with unusually heavy rains in the fourth quarter. This, together with smaller mature acreage following replanting, contributed to a 2% drop in FFB production from 1.91 million MT in 2022 to 1.87 million MT; and saw OER dip from 22.68% to 22.06%.

Other than macroeconomic factors, the year was marked by several significant corporate developments. Most notably, as of February, the CPO export ban to the US was lifted following a deep review and revision of our labour-related policies and processes. During the year, we also closed down our rubber operations in Malaysia to explore other crops that can provide better returns. Workers from our rubber estates were redeployed to our oil palm plantations, further alleviating the labour shortage. Meanwhile, in Indonesia, we sold off two subsidiaries – PT Ladangrumpun Suburabadi and PT Sajang Heulang – to PT Global Berkat Usahatama (GBU); and with the proceeds we were able to fully settle a lawsuit that had been ongoing for over a decade. Furthermore, the sale of these assets was a boon for productivity, as issues surrounding the plantations had been hampering our operations for many years.

PERFORMANCE HIGHLIGHTS

Operations

705 machines
covering all non-harvesting operations have been deployed

Establishment of the Malaysian Southern and Northern Region Innovation Committees to improve operational efficiencies

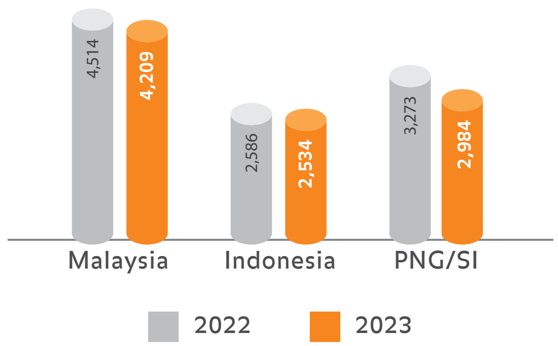
Drones are being used extensively in our nursery **for weeding and to spot overgrown palms**

A new **AI programme** enabled **Ganoderma areas to be mapped** in Carey Island

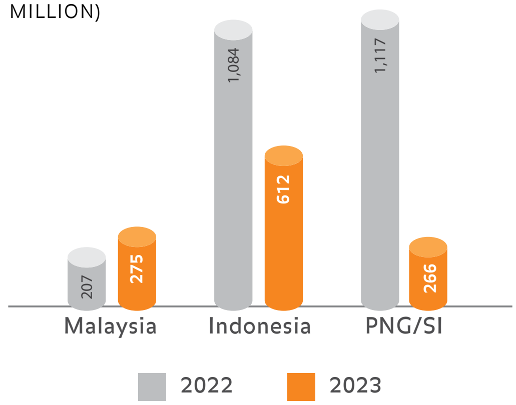
Plans for the use of **unmanned ground vehicle (UGV)** in fertiliser application and to automate harvesting operations are currently underway

Financial

REVENUE
(RM MILLION)



RECURRING PBIT
(RM MILLION)



Sustainability

9,857 locals
have been hired

100 youths
trained as machine specialists in collaboration with Malaysian Institute of Plantation and Commodities (IMPAC)

15 TVET graduates
have been placed in our mills upon completing a bootcamp conducted with National Advanced Youth Vocational Institute (IKTBN) Pagoh in 2023

Recruited
152 local harvesters in collaboration with education institutes and government agencies

Training and job placement for
61
Kolej Komuniti students sponsored by Yayasan Sime Darby

Replaced
653 houses
in Indonesia in 2023
(total replaced since 2021:1,395 units)

Business Review

BUSINESS PERFORMANCE REVIEW

Operations

Key Initiatives	Achievements
Mechanisation, automation and digitalisation of our plantations	• As at the end of 2023, 705 machines have been rolled out in our Malaysian estates, covering all non-harvesting operations, namely weeding, rat baiting, sanitation and manuring • Early prototypes are being tested for automated harvesting, with the first test completed in 2023 • Drones are being used extensively in our nursery and immature areas for weeding and to identify overgrown palms • As a result of positive tests on UGV prototypes, there are plans for usage of UGVs in fertiliser application and to automate harvesting operations
Digitalisation and innovation to further enhance plantation and mill management	• Several dashboards have been rolled out to measure and oversee operational progress • A new AI programme enabled Ganoderma areas to be mapped in Carey Island • Newly established Southern and Northern Region Innovation Committees have inspired employees to contribute 66 innovative ideas to improve operational efficiencies • Project OMEGA – Hazard Analysis and Critical Control Points (HACCP) Certification (% against target): – Malaysia: 31 mills (100%) – Indonesia: 6 mills (30%) – PNG & SI: 12 mills, 7 KCPs and 5 bulking (100%)
Towards 100% Malaysian workforce by end-2027 *(for non-harvesting activities)*	• A total of 9,857 locals have been hired through various local recruitment drives since 2020 • Development of attractive career paths (since 2020) for local talent, with the hiring of 603 machine specialists, 39 assistant technicians and 53 field officers since 2020 • Plans to run a pilot programme to train 100 youths as machine specialists in collaboration with Institute of Malaysian Plantation and Commodities (IMPAC) • Collaborating with Technical and Vocational Education and Training (TVET) institutions and local communities on upskilling programmes: – 15 TVET graduates were placed in our mills upon completing a bootcamp conducted with IKTBN Pagoh in 2023 – Recruited 152 local harvesters in collaboration with Kolej Yayasan Pahang Advanced Skills (KYPAS) and Department of Orang Asli Development (JAKOA) – Training and job placement for 61 Yayasan Sime Darby-sponsored *Kolej Komuniti* students
Replace old semi-permanent houses with permanent houses	• Replaced a total of 653 houses in Indonesia in 2023, bringing the total number of houses replaced since 2021 to 1,395 units

KEY CHALLENGES AND OUR MITIGATION STRATEGIES

Challenge	Mitigation strategies	Results
Continued worker shortage (since the pandemic) up to the end of the first half of the year; and lack of experience among new workers	Hired sufficient number of foreign workers while adhering to our Migrant Worker Responsible Recruitment Procedure, and provided adequate training to equip them with the required skills. Intensified efforts to recruit Malaysians by making available more skilled jobs and opportunities for upskilling local youth. Continue to reduce dependence on manual labour through advanced mechanisation, automation and digitalisation of plantation operations.	Closed the shortage gap, and new workers are sufficiently skilled to carry out their jobs safely as well as productively. Through enhanced mechanisation, we reduced our dependence on non-harvesters by 1,723 workers as of end 2023 from end 2022.
Need to keep at the cutting-edge of technological advancements to develop innovative solutions to address pain points	Establish partnerships with tech start-ups and companies, as well as universities.	In the process of crafting cutting-edge autonomous prototypes for both fertiliser application and harvesting, with several more projects in the pipeline.
Tough-to-navigate terrains in plantations making it difficult to use machines on the ground	Technology teams collaborate with internal subject matter experts and external solution providers to find the best solutions.	Use of drones to map the terrains to assist machines in accessing these areas. Development of machinery with robust components to address different terrain requirements.

CREATING STAKEHOLDER VALUE

Stakeholder	How We Deliver Value
Workers	• Recruitment of foreign workers in accordance with enhanced Migrant Worker Responsible Recruitment Procedure, ensuring that licensed agents appointed adhere to International Labour Organization (ILO) standards • All recruitment fees and related costs of employment are paid; and workers sign employment contracts in their own native language • Workers' passports and/or personal documents are not withheld • Workers' accommodation across the Group has been upgraded to ensure a good standard of living • Estate infrastructure – water supply and roads – has been improved • Employees' children are given swimming lessons to enhance water safety
Smallholders	• Our Kredit Koperasi Primer Anggota (KKPA)/Plasma schemes provide assistance/ know-how on oil palm plantation management as part of capacity building • Engage frequently with smallholder suppliers on the importance of RSPO/Indonesia Sustainable Palm Oil (ISPO) certification
Community	• Provision of skilled job employment opportunities for youth • CSR efforts to enhance the well-being of communities surrounding our operations • Manage and repair roads for the use of surrounding villagers • Assist communities within 5km of our estate boundaries in Indonesia to monitor and manage any fire incidents

Business Review

KEY WINS

Indonesia Upstream

- Gold Medal for Best Practice in Environment, Indonesia Sustainable Development Award (ISDA), acknowledging community-based forest and land fire-prevention programme
- Silver Medal for Best Practice in Environment, CSR Outlook 2023, acknowledging community-based forest and land fire-prevention programme

OUTLOOK

The outlook for 2024 is looking bright as the rehabilitation of our Malaysian operations continues with the availability of more harvesters in our plantations and the recovery of our Indonesian plantations from El Nino, both of which are expected to contribute to better yields and OER. In Malaysia, efforts to attract more local workers through our recruitment drive and collaboration with various TVET partners will also continue. Weather permitting, production from Indonesia and PNG/SI is expected to improve as larger tracts of plantation mature. In ensuring continuous improvement of ethical labour practices across our global operations, our operations in Indonesia as well as PNG & SI will follow in the footsteps of our Malaysia operations, working towards identifying and eliminating any signs of forced labour.

While the price of agricultural inputs started to decrease towards the second half of 2023, we will continue to keep a tight rein on spending to ensure healthy margins. In line with our 2050 net-zero target, we will also press ahead with carbon emissions reduction initiatives via expansion of our biogas plants at our mills to capture methane from palm oil mill effluent (POME), as well as greater use of solar technology and other green energy sources in our operations.

We continue to reduce our dependence on manual labour through advanced mechanisation, automation and digitalisation of plantation operations.

Sime Darby Oils

Sime Darby Oils (SDO) produces edible oils, palm oil-based biodiesel, nutraceuticals and other palm oil derivatives for the global market. Driven by a philosophy of "Realising possibilities, together", SDO collaborates closely with customers to develop bespoke solutions, including superior refined oils and fats that are tailor-made to their needs.

SDO owns and manages 11 refineries with a total capacity of 3.99 million metric ton (MT) per year and a total bulking installation capacity of 284,900 MT; four kernel crushing plants with a total annual capacity of 465,000 MT; one biodiesel plant with a production capacity of 120,000 MT per annum; one soya crushing plant with a production capacity of 132,000 MT per annum; as well as two copra mills in Papua New Guinea with a combined production capacity of 42,000 MT.

Key Focus Areas

- **Business transformation:** Drive operational and commercial excellence through Project Matterhorn, launched in 2020, with the ultimate objective of enhancing profit before interest and taxes (PBIT)
- **Culture transformation**: Inculcate a Culture of Care (CoC) across SDO via regional workshops, train-the-trainer to develop CoC change agents, development of regional leadership as role models, and effective internal communication
- **Digitalisation**: Launched our Digital Ambition, "Connecting Insights, Delivering Beyond", anchored on customer centricity and data centralisation
- **Net-Zero Journey**: Work towards near-term (2030) and long-term (2050) emissions reduction targets, involving the transition of suppliers in the entire value chain

2023 OVERVIEW

The global economic slowdown in 2023 posed challenges for SDO, resulting in an erosion of margins. Despite these challenges, SDO managed to successfully achieve several key highlights for the year, showcasing resilience in the face of adversity.

European and African operations experienced 166% year-on-year margin growth, driven by firm selling prices and cost reduction stemming from lower feedstock prices and decreased energy expenses.

Increased year-on-year sales volume primarily in Europe, capitalising on heightened market demand.

Physical sales of fully segregated and mass balance oils as well as Roundtable on Sustainable Palm Oil (RSPO) certificates increased by 144% year-on-year.

Business Review

PERFORMANCE HIGHLIGHTS

Operational

Sales Volume

3,393

FY2022: 3,318 ('000 MT)
Var YoY: +2%

Capacity Utilisation

55%

FY2022: 61%
Var YoY: -6%

Business

Achieved a **higher than the market average crude palm oil (CPO) price** for Indonesia

Sustainability

- **Delivering 75% No Deforestation, Peat and Exploitation (NDPE)** commitment from suppliers in our supply chain based on the NDPE Implementation Reporting Framework (NDPE-IRF) developed by the Palm Oil Collaboration Group (POCG)
- Our **traceability to mill (TTM) stands at 96.2%** while **traceability to plantation (TTP) stands at 73.9%**, an improvement of up to 6% over the last three financial years

BUSINESS PERFORMANCE REVIEW

Key Initiatives	Outcomes
Manufacturing Excellence & Digitalisation Roadmap	• Tailored assessment for machinery well-being, emphasising safety, risk management and compliance to achieve a safe operating environment • Implemented an autonomous predictive maintenance system, improving machine efficiency and reducing downtime • Equipping employees with knowledge and skills across the manufacturing value chain • Established a centralised hub to optimise resource management, enhance data management and agile decision-making, and improve customer experience, ensuring strategic alignment and providing scalability • Embarked on Customer Journey Mapping to further improve customer experience
Safety Leadership: Towards a Proactive Culture	• Conducted multiple Front Line Leadership (FLL) sessions for business unit (BU) supervisors • Within Process Safety Management, focus is directed towards change management, shift handover, and the Take 5 procedure. This includes managing risks related to process safety, ensuring the safety of critical equipment, and implementing procedures for process isolation and lockout/tagout (LOTO) • Developed Health, Safety and Environment (HSE) Competency Profile and Manufacturing Value Chain – HSE for employees at all levels • Distribution of Safe Driver & Rider handbook (developed in 2022) • Conducted HSE Capability Assessment before appointment of new contractors • Inspire HSE performance through inclusion of HSE-related criteria in annual awards such as SDO Managing Director's Award, HSE Excellence Award and SDO Chairman's Award
Product Innovation & Development (PID)	• 12 new products commercialised across Frying, Bakery and Confectionery segments in all regions, including healthier oils and fats with low trans and saturated fats • Butter-Oil Substitute and Low-Trans bakery products were developed and expanded into China and South America • Development of processes and facilities to promote oil quality in global market; as well as a Food Safety Dashboard to track oil quality from mills to customers • Expanded the adoption of digital systems to collate and provide access to customer intel, as well as our virtual product matching and development tool, iTas Online • Revamped our digital product development and innovation project management portal to enable better project and value tracking for new product development

Key Initiatives	Outcomes
Strategic Communication & Brand Perception	• Increased stakeholder engagement with over 230 activities involving global employees and and BUs, surpassing the 146 activities organised in 2022 • Exceeded 2022 volunteering hours of 11,917 hours with SDO employees achieving a total of 18,042 hours in 2023 through 172 CSR activities encompassing 18 global BUs • Enhanced brand image assessed through an annual customer survey to evaluate perceptions of the SDO brand: – Achieved overall score of 86.3%, which was higher than the previous year's score of 84.4% – 94% of customers rated SDO's sustainability performance as "Excellent" or "Good" • Our strategic communication efforts under the banner of "Not All Palm Oil is Created Equal (NAPOICE)", have conveyed our commitment to quality, sustainability, and innovation, differentiating us from other players in the industry
Towards Net-Zero	• All greenhouse gas (GHG) emissions targets had achieved Science Based Targets initiatives (SBTi) validation in December 2023 • SDO is dedicated to ensuring 79% of our customers and suppliers will have science-based targets by 2027, encompassing emissions from purchased goods and services, capital goods, fuel and energy-related activities as well as upstream and downstream transportation and processing of sold products

KEY CHALLENGES AND OUR MITIGATION STRATEGIES

Key Challenges	Key Mitigation Strategies
Geopolitical Uncertainties Potential decline in demand from key markets and increase in operating costs due to Russia-Ukraine and Israel-Palestine conflicts, further exacerbated by upcoming general elections in countries where SDO operates.	• Continuous monitoring of geopolitical developments that may expose SDO to systemic risks and realign strategies such as supply chain decisions, where applicable • On-the-ground and close engagement with customers and suppliers to monitor and understand the impact of geopolitical developments • Close monitoring of global raw material prices to ensure accurate budget costing for projects
Climate & Sustainability Risk Increasingly stringent requirements from customers and regulators on sustainability practices, which could also increase the cost of doing business. Meanwhile, adverse weather due to El Nino or other climate events may impact yield and productivity.	• Developed a comprehensive strategy to achieve net-zero emissions with targets approved by SBTi • Accelerate Food Safety compliance and certification initiative of SD Plantation oil mills through Project OMEGA • Active engagement with all stakeholders to communicate the Group's sustainability initiatives • Continuous improvement to further strengthen sustainability practices on the ground, supported by strict monitoring and tracking to ensure compliance • Implementation of climate risk management in response to climate change
Competition & Commodity Risk Intense price competition affecting profitability and risk of higher inventories due to lower demand.	• Continuous assessment and realignment of strategies to remain competitive • Continue to strengthen SDO's brand through marketing initiatives whilst further enhancing product quality and services as well as product differentiation • Use of derivative instruments to hedge against the price fluctuations
Legal & Regulatory Risk Possibly more stringent regulatory requirements to be fulfilled where the Group operates.	• Proactive engagement and communication with all stakeholders to ensure the potential impact of proposed regulatory changes is understood and, where possible, mitigated

Business Review

CREATING STAKEHOLDER VALUE

Stakeholder	How We Deliver Value
Employees	• Prioritise diversity, equity and inclusion (DEI) as well as employee experience, emphasising employee well-being and professional development • Provide competitive rewards, comprehensive benefits, and a supportive work environment
Customers	• Committed to understanding and exceeding customer expectations through innovation, quality products/services, and personalised experiences
Communities	• Engage in philanthropy to support communities' needs • Ensure responsible practices to safeguard the environment
NGOs & Civil Society Organisations	• Participate in initiatives and projects that address societal challenges, aligning our business practices with broader social goals
Academic Institutions	• Support academic endeavours to elevate skills and knowledge and to develop future industry leaders through partnerships and sponsorships

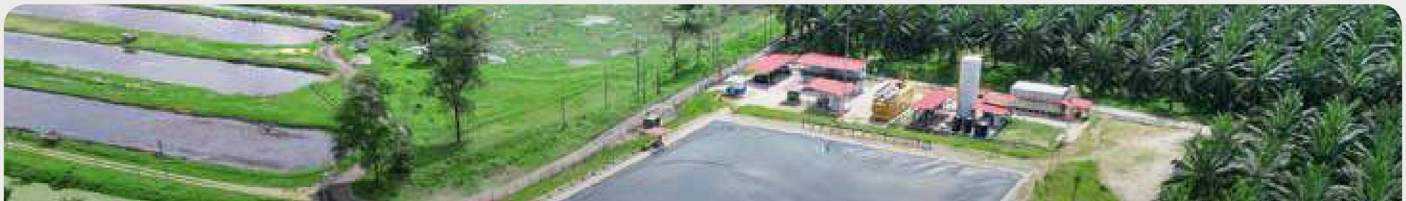
KEY ACHIEVEMENTS

Award	Recognition	Awarding Body
Sime Darby Oils	GRADUAN Brand Awards 2023 Most Preferred Employer in Manufacturing & Engineering Category	GRADUAN
SDO Morakot	Thai Food and Drug Administration Quality Award 2023 Best Food Manufacturer Quality Standard, Good Governance and Social Responsibility Business	Thai Food and Drug Administration of the Ministry of Public Health
	Superbrands Thailand's Choice	Superbrands Thailand
	Thai Chamber of Commerce Business Ethics Standard Test Awards 2023 (TCC BEST 2023)	The Thai Chamber of Commerce and the Board of Trade
	The No.1 Brand Thailand 2023 Most Popular Brand and Excellence in Branding in Cooking Oil Segment	Marketeer Magazine

OUTLOOK

Our top priority in 2024 will be to progress towards our Matterhorn targets, focussing on:
- Talent development and culture transformation
- Enterprise-wide digitalisation
- Customer centricity to address changing expectations of consumers, investors and other stakeholders

At the same time, we will collaborate more closely with the Group's Upstream Division to maintain the consistent production and supply of high-quality CPO as this will be reflected in the quality and value of SDO's products. We will also underline our commitment to ESG by nurturing a sustainable supply chain. Our goals are for most of our material suppliers to have science-based emissions reduction targets in line with SBTi by 2027; and for our supply chain to be EU Deforestation Regulation (EUDR) compliant by 2024 and NDPE compliant by 2025.



Renewables

Sime Darby Plantation Renewable Energy Sdn Bhd (SDPRE), established in 2020, is a wholly owned subsidiary of SD Plantation. As part of the Group's net-zero target aspiration, SDPRE is mandated to initiate, plan, develop, execute, operate and monitor the Group's carbon emissions reduction and renewable energy growth strategy initiatives (Green Initiatives).

As part of the Group's near-term net-zero target, SDPRE plays a crucial role in assisting the Group to achieve a 42% reduction in Scope 1 and Scope 2 Energy and Industrial (E&I) carbon emissions by 2030. SDPRE is also helping to grow the Group's annual profit before interest and tax (PBIT) in the renewable energy business segment to RM100 million by FY2026.

This is to be achieved via biogas, solar and biomass projects. To date, there are 16 operational biogas plants in Malaysia, Indonesia and Papua New Guinea which convert methane from palm oil mill effluent (POME) into renewable energy. For solar energy, in addition to leasing selected landbank to third parties for use as solar farms, SDPRE also undertakes the installation of rooftop solar panels to reduce the Group's conventional energy and diesel consumption. SDPRE also actively explores biomass enhancement opportunities at SD Plantation which converts biomass waste into valuable resources, further reducing carbon emissions and fostering a circular economy.

Key Focus Areas

SDPRE's focus areas are in the three business pillars of Biogas, Solar and Biomass:

Biogas

- Seeks opportunities for the development of biogas plant installations within the Group's operations to effectively capture methane emissions
- Facilitate and coordinate various renewable energy business models such as own asset investment, third-party investment as well as joint venture partnerships
- Contribute to SD Plantation's Carbon Emissions Reduction (CER) target while generating income

Solar

- Seek opportunities, evaluate new technologies, initiate and coordinate all solar-related projects, including but not limited, to large-scale solar, rooftop solar and off-grid solar systems
- Develop a stable and relatively low-risk income-generating business

Biomass

- Enhance SD Plantation's biomass waste via suitable methods such as converting biomass to power, biomass to pellet, and/or biomass to fuel
- Promote circular economy in SD Plantation by converting waste to wealth and further assist in CER

BUSINESS ENVIRONMENT

As energy demand rises alongside population growth and increased economic activities, there is a growing emphasis on renewable energy (RE) to meet the global energy needs in an efficient and sustainable manner. Given the current global call to urgently tackle climate change, the Malaysian government aims for RE to constitute 40% of the primary energy supply mix by 2035, and 70% by 2050 in the country. Achieving this goal necessitates significant expansion of RE capacity nationwide, a goal reinforced by the National Energy Transition Roadmap (NETR) launched in August 2023.

Business Review

As the Group is already involved in the solar and bioenergy sectors, it is positioned to contribute effectively to the government's energy transition agenda. SDPRE is committed to exploring all available opportunities to capitalise on the NETR for the Group's economic benefit.

CREATING STAKEHOLDER VALUE

Stakeholders	How we deliver value
Internal	• Assist the Group to achieve our sustainability goals and net-zero target by planning and executing RE projects to reduce our carbon emissions • Generate new income stream for the Group from RE initiatives
Partners	• Actively seek opportunities for synergistic joint initiatives or potential collaboration with reputable partners in the RE industry • Develop win-win partnerships and foster collaboration leading to value creation for both SD Plantation and our partners

BUSINESS PERFORMANCE REVIEW

Pillars	Key Initiatives	Outcomes
Biogas	Feed-in-Tariff (FiT) – electricity generation for sale to the national grid	Completed one biogas plant at Seri Intan (Perak) and commenced construction of two more plants at Sg. Dingin (Kedah) and Kok Foh (Negeri Sembilan).
	Co-firing – use of biogas in boilers resulting in Palm Kernel Shell savings	Completed the construction of the Lavang (Sarawak) biogas plant in Malaysia.
	Captive Power – use of biogas to generate electricity for own use resulting in diesel displacement	Started construction of the Sangara biogas power plant in Papua New Guinea.
Solar	Large Scale Solar (LSS)*	• Secured 15MW quota for the development of SD Plantation's first solar plant in Bukit Selarong (Kedah) under the Corporate Green Power Programme (CGPP) • Secured additional 11 tenants to develop solar plants on SD Plantation land under the CGPP • Five LSS 4 plants developed and operated by tenants on SD Plantation land and started official operations in December 2023
	Rooftop solar*	Commissioning of rooftop solar at SD Plantation Plantation Tower, Centre of Sustainability (COS) and R&D Carey Island.
	Off grid*	Completed solar-operated fertigation system in Sungai Buloh Estate.
Biomass	Microalgae*	Completed the installation of trial plants for microalgae carbon sequestration. Biomass Empty Fruit Bunches press, Biomass FiT, Biomass Power Plant and Palm wood plant are in planning and development stage.

** All initiatives were carried out in Malaysia.*

KEY CHALLENGES AND MITIGATION STRATEGIES

Challenge	Mitigation strategies	Results
Lack of key personnel and technical support to carry out projects efficiently.	Work with Group Human Resources to recruit project consultants or talents with expertise in relevant fields. Appoint reputable Engineering, Procurement, Construction and Commissioning contractors through tender process, as well as conduct due diligence to ensure proper selection of solar contractors with good track records.	Strengthen technical support and business operations capabilities of SDPRE, enhancing project development and execution.
Low processing trend at oil mills resulting in low POME production, directly impacting power generation and revenue from biogas plants.	Evaluate and explore crop diversion initiatives and increase the supply of outside crop. Incorporate relevant considerations in forecasts and business model.	Improved power generation and revenue from biogas power plants. Continue to sustain good relationships with biogas partners and SD Plantation's stakeholders.
Rapid evolution of high-cost technologies challenge the viability and profitability of projects.	Keep abreast of new market developments through summits and conferences, exploratory discussions with potential partners, and by building strategic relationship with relevant stakeholders.	Alignment of SDPRE team's knowledge with the latest technology.
Economic viability, capital costs, immature technology (exploration) and higher technical requirements need to be evaluated when starting projects.	Adoption by SDPRE team of an active role in evaluating new technologies and their incorporation into operations.	Maintaining a balance between adapting to the latest technologies and maintaining project profitability.

Rooftop solar panels at our R&D centre in Banting, Selangor, Malaysia.

Business Review

PERFORMANCE HIGHLIGHTS

Financial

SDPRE earned a total of

RM **6.26** Million

from **land rental and other** revenue streams

Achieved a total of

RM **4.58** Million

in **savings from Biogas and Solar**

Business

Secured **15MW CGPP quota** qualifying SD Plantation to become a **project developer for large-scale solar.**

Sustainability

Biogas

- Emissions from effluent treatment are **1,303,290 tCO_2e** in 2023 and has reduced **12.5%** from 2020.
- **Total emissions reduction** through biogas initiatives in 2023 was **423,172 tCO_2e**, the equivalent to planting 42 million forest trees.

Solar

- Solar rooftop initiatives contributed to a 436 MT CO_2 emissions reduction in 2023.
- With the addition of five newly completed solar systems, annual emissions reduction is set to more than triple, reaching a significant milestone of 1,479 MT CO_2 annually. With the completion of the three rooftop solar systems currently in progress, emissions will reduce by 3,500 MT CO_2 annually.

Key Achievements

- **2nd runner up** at the **ASEAN Renewable Energy Project Awards** in the Renewable Energy, On-grid category
- **Winner** in Category 2 – Renewable Energy (On-grid, Local Grid) at the **National Energy Awards (NEA) 2023**

OUTLOOK

- SDPRE remains committed to supporting SD Plantation achieve our net-zero target while actively seeking additional revenue streams and positioning ourselves as a competitive player in the RE sector.
- The company is also set to initiate and expand our involvement in RE activities in Indonesia and Papua New Guinea.
- SDPRE will continue to explore new frontiers in RE such as hydrogen, agrivoltaic, carbon capture utilisation and storage (CCUS), battery energy storage system (BESS) and electric vehicle hub development.

Research & Development

The Group's business throughout the entire palm oil value chain is supported by market-leading Research & Development (R&D) capabilities. Research at SD Plantation is carried out at five R&D centres in Malaysia, Indonesia and Papua New Guinea; three Innovation Centres in Malaysia, the Netherlands and South Africa, as well as a fully operational genetic testing facility in Malaysia.

R&D also supports Sime Darby Oils (SDO) through Centres of Excellence that are focussed on developing solutions for frying, bakery, confectionery, food safety, nutrition and wellness, animal nutrition and process innovation. Leveraging our R&D capabilities, SDO is empowered to customise products to meet customers' needs.

We have more than 150 scientists who continue to develop and create innovations that are not only adopted within the Group but also commercialised. These include industry-leading oil palm genomics technology and cutting-edge solutions that improve yield, plantation operations as well as milling and refining processes.

Key Focus Areas

- **Biotechnology & breeding:** leverage latest technologies to produce elite high-yielding oil palms and planting materials with increased disease tolerance and improved yields
- **Plantation research & advisory:** improve plantation operations to enhance efficiencies, reducing costs and reliance on manual labour
- **Processing & engineering:** develop and test technology to improve milling efficiency, sustainability and product quality; and provide advisory services for milling process optimisation as well as system improvement
- **Oils & fats:** develop and test technology/solutions and provide advisory services to optimise refinery operations' capability to produce high-value quality products
- **Advanced mechanisation technology:** develop and test solutions that have the potential to increase productivity and reduce dependence on manual labour
- **Lab services:** provide measurement and testing services to support operational regulatory requirements, food safety commitments and ad-hoc requests for initiatives and activities applied along the supply chain
- **Product innovation & development:** innovate/develop new formulas, independently or in collaboration with customers, and commercialise new products

Business Review

PERFORMANCE DURING THE YEAR

R&D BIOTECHNOLOGY & BREEDING (BB)

Key Initiatives	Outcomes
Produce high-quality planting materials for SD Plantation and customers	• Replanted over 10,000 hectares (ha) of GenomeSelect™ materials in SD Plantation since 2016, with palms planted in 2018 yielding 10% – 34% more oil per ha compared to conventional palms • Launched 300,000 GenomeSelect™ seeds for external customers • Working to expand sales of calix600® and calixQ6™ seeds to international markets, on an ongoing basis
Develop disease-tolerant oil palm seeds	• Developed a DNA prediction tool able to detect crown disease and *Ganoderma* tolerance

Our genetic testing facility is one of the largest in Southeast Asia for the commercial production of GenomeSelect™ materials since 2016.

Into the Future

Replant 100% oil palm areas across the Group with **GenomeSelect™** seeds

Improve production efficiency and **quality** in **seed** production

Further enhance current **GenomeSelect™** seeds to **increase disease** tolerance and **yield stability**

PLANTATION RESEARCH & ADVISORY (PRA)

Key Initiatives	Achievements
Intensify the use of digital technologies in plantations	• 170,000 ha of planted areas were monitored using satellite imagery and drones • A new method of *Ganoderma* census using Unmanned Aerial Vehicle (UAV) Image Analytics was successfully tested and will be deployed in the Group's estates in 2024 • *Ganoderma*-infested areas were mapped out in Carey Island using new artificial intelligence (AI) technology • A new UAV Point-to-Point spraying technology was co-developed and deployed in 16,000 ha of immature palms to control the *Oryctes rhinoceros* beetle in the Group's estates • A new method of drone baiting (R-Drop) to apply Rodenticide, co-developed with a drone company, was successfully tested and proven effective
Implement fertigation, i.e. the application of fertilisers via the irrigation network	• An off-grid fertigation system powered by a hybrid solar panel array has shown the potential in decreasing reliance on manual labour and eliminating GHG emissions associated with estate machinery
Development of sustainable biofertilisers and bioinsecticides	• Successfully developed and tested *Beauvaria bassiana*, a new biocontrol agent that provides a safer alternative for bagworm control • Another biocontrol agent, *Metarhizium anisopliae*, was co-developed with Universiti Malaysia Terengganu and successfully tested against the Red Palm Weevil • A total of 72 MT of Arbuscular Mycorrhiza Fungi (ARMYCORR®) was produced and used for the prophylactic treatment of *Ganoderma* disease in SD Plantation's oil palm seedlings • A total of 27 MT of *Metarhizium* bioinsecticide (ORBOX™) was produced and used in SD Plantation's estates for biocontrol of *Oryctes rhinoceros* beetle in immature oil palms

Into the Future

More attention will be directed at **reducing GHG emissions** towards achieving **net-zero emissions** while taking into account economic and business impacts

The use of satellite-based image analytics for *Ganoderma* census will be explored to further **enhance automation and digitalisation in pest management**

Further research will be done on the use of **a new AI-based technology** to detect weeds and automate spraying

A new **AI-based census method for bagworms, rats and barn owls** will be explored

PROCESSING & ENGINEERING (P&E)

Key Initiatives	Achievements
Improve oil extraction rate (OER) using digital and other technologies	• Established a prediction model for oil loss in press fibre based on input criteria to the press station, and conducted commercial-scale testing in Labu Mill • Use of high-speed separator for final oil recovery, significantly reducing oil loss – from 0.85% previously to 0.65%
Reduce processing time at mills to enhance productivity	• Installed and commissioned a new clarifier system, Rapid Oil Recovery System (RAPID), which is reducing the separation time by 50% at Diamond Jubilee Mill
Digitalise mill operations under IR 4.0	• Tested the press station component of the digital twin, which is designed to automatically optimise pressing and digester parameters based on the raw material feed and output, at the Tennamaram Experimental Station (TESt™). This will be followed by full-scale testing in 2024
Implement Separate Oil Recovery System (SORS) for biofuel-grade oil	• The installation, commissioning and performance testing of SORS was successfully completed at 10 mills by December 2023. Three of the mills feature a basic SORS setup utilising gravity separation, while the remaining seven mills have been equipped with a complete setup that employs high-speed centrifugation separation. These systems have been well received by the Group's operations and are slated for rollout at several more mills in 2024

Business Review

OILS & FATS (O&F)

Key Initiatives	Achievements
Develop infrastructure for predictive maintenance programme in refineries	• A real-time quality monitoring system has been established under SDO's digitalisation roadmap • Installed and deployed predictive maintenance system at Port Klang Refinery (PKR)
Enhance wastewater management	• Completed the installation of an electro-oxidation (EO) plant in Langat Refinery • Target to meet the Department of Environment, Malaysia's Standard A limits on discharge wastewater for batch processing
Development and deployment of food safety protocols to sustain and secure premium oil markets	• Carried out rigorous assessments, training and audits to ensure guidelines are applied and sustained in mill operations • Enabled the production of low contaminant oils to be a market leader in food safety
Tap into demand for more sustainable alternatives to animal protein	• Developed fats for plant-based milk and meat applications

Into the Future

Work towards **achieving zero liquid discharge** (ZLD) through pilot or batch testing

Deployment of EO plants in PKR following the successful proof of concept in Langat Refinery

Embark on **Phase 2 of SDO digitalisation roadmap** with the installation of an automated feedback loop control in PKR for pretreatment; and black box development for the physical refining process

Focus on developing **low contaminant oils, new-generation frying oil with natural antioxidants; and next-gen animal-free fats**

ADVANCED MECHANISATION TECHNOLOGY (AMT)

Key Initiatives	Achievements
Development of a machine to apply rodenticides, reducing manpower needs to control rodent population in oil palm estates	• The machine was rolled out in August 2023, becoming the first commercially viable rodenticide application machine for SD Plantation • Featuring an adjustable shooting speed and 2.5 to 8-metre range, it covered up to 30 ha/day on average in flat and undulating terrains during trials • 33 units of the machine, which is suitable for the application of most commercially available rodenticides, are currently deployed in SD Plantation's estates
Autonomous Mechanical Buffalo Grabber	• Integrated an autonomous navigation system into the Automated Grabber System and retrofitted this into the Mechanical Buffalo Grabbers • Testing and evaluation of the autonomous machine's performance on various lanes/conditions is underway • An in-depth analysis to identify areas for improvement on the mechanics, navigation and control features is also being conducted
Autonomous Robot Loose Fruit Collector (ALFRo)	• The next step in the development of the machine will focus on the transfer to a fully electrical-operated chassis • Completed a novel autonomous loose fruit collector prototype featuring a compact prime mover fitted with a robotic arm that collects loose fruit typically found around the palm circle • The use of AI technology enables identification (selection) of loose fruits on the ground and triggers autonomous collection actions with an accuracy rate of 90% • The loose fruit collection action is designed to mimic human handpicking to reduce trash/debris accumulation at each collection round

Into the Future

Further **enhance the rodenticide application machine** with tele-ops features while ensuring robustness of components to address different terrain requirements

Investigate the potential use of hydrostatic and electrified components for the Autonomous Mechanical Buffalo Grabber (AMBG)

Increase productivity of the ALFRo machine

The next step in the development of the machine will focus on the transfer to a fully electrical-operated chassis

PRODUCT INNOVATION & DEVELOPMENT (PID)

Key Initiatives	Achievements
Innovate/develop new formulas to meet evolving customer wants and needs	• To meet increased demand for healthier products such as trans-free oils and fats, PID successfully commercialised a low-trans fat cocoa butter replacer (CBR)
Commercialise new products	• Successfully commercialised eight new products such as confectionery fats, shortening, margarine and butter oil substitutes
Technical support for product growth in new markets and/or new applications	• PID worked closely with the commercial team in identifying new markets/customers and expanded sales of existing products such as whipping cream in China

Into the Future

Collaborate with the commercial team **to develop a product growth** strategy to increase SDO's market share

Engage more regularly with customers via technical visits, trade shows, etc.

Develop and commercialise more new products to contribute towards SDO's profitability

Identify Innovation projects based on market trends in collaboration with Centre of Excellence (CoE)

We have successfully commercialised eight new products such as confectionery fats, shortening, margarine and butter oil substitutes.

OUTLOOK

Moving forward, R&D has strategically consolidated our projects into three Grand Challenges (GCs): Productivity, Climate Change and Growth. These GCs are linked to SD Plantation's innovation pillars, focussing on attaining operational excellence, sustainability and fostering innovation. Our R&D team aims to make a substantial contribution to SD Plantation's growth strategy and net-zero commitment by realising a 30% reduction in fertiliser consumption by 2040 and doubling the Group's commercial yield by 2050.

A Summary of Our Sustainability Report

SUSTAINABILITY INSIGHTS

Sime Darby Plantation (SD Plantation), one of the world's largest producers of certified sustainable palm oil (CSPO), is committed to making a positive impact. A global milestone for us was achieved in 2023, when we became the first palm oil company with net-zero targets validated by the Science Based Targets initiative (SBTi). Since 2014, we have strived to meet our No Deforestation, No Peat, and No Exploitation (NDPE) commitments. Having ensured our own production is NDPE compliant, our focus is now on addressing deforestation in our supply chain.

This sustainability statement outlines our progress from 1st January 2023 to 31st December 2023. Our operations encompass the production of CSPO in our upstream operations in Malaysia, Indonesia, Papua New Guinea (PNG), and the Solomon Islands (SI). Our downstream operations are present in 11 different countries and are involved in the trading, manufacturing, and the sales and marketing of refined oils and fats products, oleochemicals, biodiesel, nutraceuticals and other palm oil derivatives.
SD Plantation’s immediate priorities are to focus on climate action and social performance, build resilient supply chains, and to build trust through engagement and transparency.

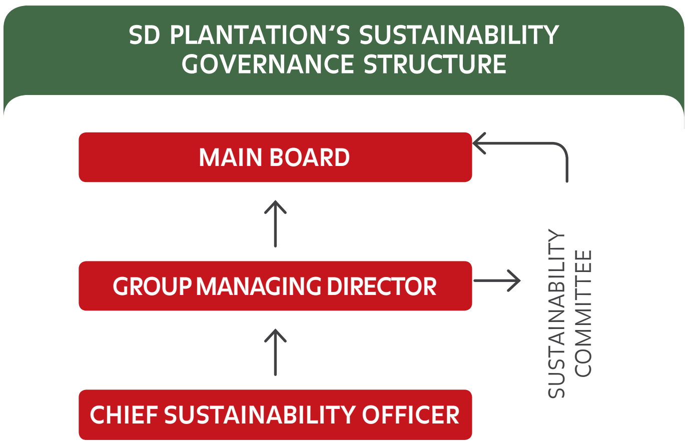
OUR SUSTAINABILITY DISCLOSURE

Our disclosures are guided by:
- Sustainability Reporting Guide (3rd Edition) by Bursa Malaysia Securities Berhad (Bursa Malaysia)
- Global Reporting Initiative (GRI) Standards
- Recommendations by Task Force on Climate-Related Financial Disclosures (TCFD)

For more information on our sustainability disclosure, please refer to our standalone Sustainability Report (SR), pages 4 to 5.

SUSTAINABILITY GOVERNANCE

At SD Plantation, the Board has oversight of all sustainability related matters in order to effectively monitor progress towards achieving our objectives and meeting stakeholder expectations. To ensure the robustness of our sustainability programme, sustainability related Key Performance Indicators (KPIs) are integrated in an Environmental, Social and Governance (ESG) scorecard in Upstream Malaysia, which includes indicators around climate action, human rights and benchmarking of sustainability performance within the industry.



MAIN BOARD

- Sets overall direction, vision, and values, and ensures business activities align with sustainability objectives and stakeholder expectations
- Review progress of renewables projects, nature-based solutions, and deforestation elimination efforts
- Assess climate change-related issues such as climate risks and opportunities, and climate disclosures

SUSTAINABILITY COMMITTEE

- Full responsibility for reviewing the sustainability strategy and performance at the Board level around sustainability issues critical to the Group, which include health and safety, human rights, climate change, biodiversity, conservation, and supply chain sustainability
- Oversee the monitoring, reporting and verification of the Sustainability Key Performance Indicators and their implementation through the Group policies
- Oversee the disclosure and reporting of material economic, environmental and social risks and opportunities in the Integrated Report and Sustainability Report

GROUP MANAGING DIRECTOR

- Accountable for sustainability matters for the Group, including climate change
- Chair the Plantation Leadership Committee (PLC) and discussing ESG metrics and climate change commitments
- Include ESG-related metrics in the corporate scorecard
- Lead discussions on sustainability, including climate action, decarbonisation efforts, and climate-related developments at monthly PLC meetings

CHIEF SUSTAINABILITY OFFICER

- Review sustainability strategies, targets, and plans, and overseeing their implementation
- Report on updates, progress, and critical concerns to the Sustainability Committee every quarter
- Directly report to the Group Managing Director on sustainability matters
- Managing the sustainability team at the head office and overseeing operational teams across all business units
- Responsible for sustainability disclosures and reporting

SUSTAINABILITY POLICY

The cornerstone of our sustainability initiatives is our Group Sustainability and Quality Policy Statement (Policy Statement), which was developed in alignment with our Responsible Agriculture Charter and Human Rights Charter. We prioritise transparency, legal adherence, and the integration of sustainability risks into operational decision making. Detailed within our Policy Statement are our commitments to ethical conduct and proactive management of environmental as well as social impact.

Governance

We adhere to our Group Policies and Authorities and the Code of Business Conduct to ensure compliance with all legal requirements in the countries where we operate. Our commitment to integrity fosters a culture of transparency and ensures traceability in our supply chain.

Social

We uphold the rights of our employees and local communities, by providing safe and healthy workplaces and safeguarding their welfare.

Environment

We strictly prohibit deforestation, aiming to protect and enhance biodiversity and build resilience against the impacts of climate change.

Quality

We strive to deliver high-quality products and services to our customers by adhering to internationally benchmarked standards and practices.

For more information on our policies, kindly refer to Reports, Policies and Statements on SD Plantation's website at www.simedarbyplantation.com

A Summary of Our Sustainability Report

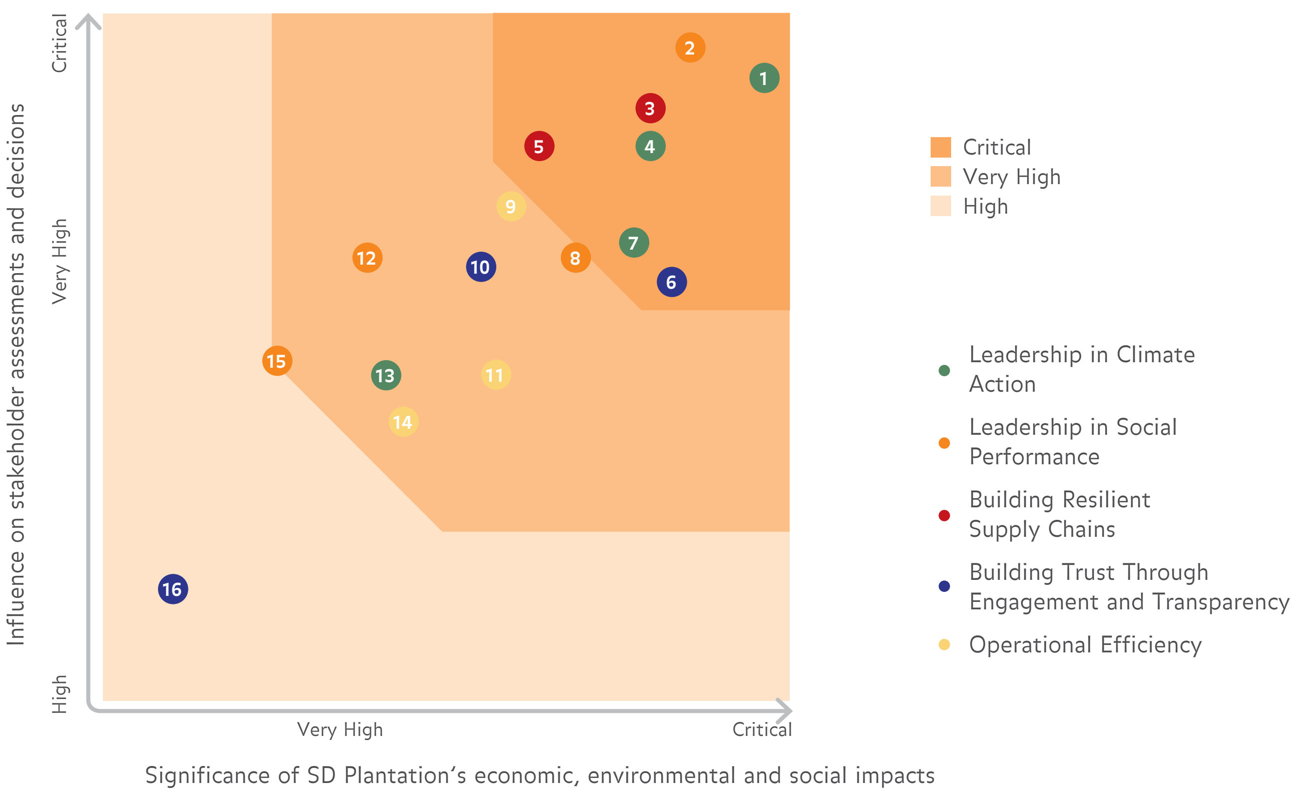
STAKEHOLDERS AND US

We proactively engage in discussions with key stakeholders, tailoring our approach to each stakeholder. Additionally, we collaborate with industry peers to spearhead multi-stakeholder initiatives that are aimed at catalysing transformative and systemic change. Our stakeholder groups include investors, customers, suppliers, employees, business partners, government agencies, industry groups, non-governmental organisations, academic institutions, and local communities.

MATERIALITY ASSESSMENT

In FY2023, we conducted a materiality reassessment to assess our material matters against current sustainability trends. We adhered to Bursa Malaysia's Main Market Listing Requirements and the Sustainability Reporting Guide (3rd Edition) and took into consideration the evolving palm oil and consumer goods industry in the selection of our material sustainability matters.

The materiality matrix reflects the importance of our ESG priorities to stakeholders and their impact on our business. It plays a crucial role in understanding and responding to stakeholder feedback, shaping both our current sustainability agenda and future ESG goals and actions.



1. Climate Change and Energy Management
2. Human Rights and Fair Labour Practices
3. No Deforestation, No Peat and No Exploitation
4. Fire and Haze
5. Supply Chain Management
6. Product Quality and Safety
7. Biodiversity and Conservation
8. Health and Safety
9. Responsible Consumption & Production
10. Corporate Governance & Anti-Corruption
11. Yield Intensification
12. Community Rights and Development
13. Waste and Effluent Management
14. Water Management
15. Diversity and Inclusion
16. Customer Privacy & Data Protection

Sustainability Highlights

Our achievements in FY2023 reflect the current state of SD Plantation's sustainability performance and our continuous efforts towards long-term sustainable growth.

LEADERSHIP IN CLIMATE ACTION

SCIENCE BASED TARGETS

Net-zero targets approved by SBTi

88% of energy consumed from renewable sources

Achieved 11% reduction in total energy consumption compared to 2020

Planted **2.28 million trees** as of FY2023

LEADERSHIP IN SOCIAL PERFORMANCE

8.7% reduction in work-related injuries

RM47 million allocated budget for training

Overall satisfaction rate of **96.2%** from Workers Satisfaction Survey

RM56,748,562 in community investments

BUILDING RESILIENT SUPPLY CHAINS

SD Plantation mills are **99%** traceable **to own plantation** and **third party**

Achieved **93.2%** supply chain traceability **to mills**

Achieved **70.9%** supply chain traceability **to plantations**

75% of supply chain delivering on **NDPE requirements**

BUILDING TRUST THROUGH ENGAGEMENT AND TRANSPARENCY

Assessed **100%** of operations for **corruption-related risks**

Resolved **134** reported **whistleblowing cases**

3,237 employees received **anti-corruption training**

Zero reported cases of customer privacy breach and data losses

OPERATIONAL EFFICIENCY

Achieved **17.92 metric ton yield per hectare**

Initiated the **Water Footprint** and **Water Business Risk** assessments

Circularity @ SDO introduced to **"Reuse, Reduce and Recycle"** waste and water from refineries and crushing plants

Sustainability Highlights

SD Plantation is continuously striving to advance in accordance with our established objectives and targets in the 5 areas outlined below.

MATERIAL MATTERS	COMMITMENTS	PERFORMANCE
Leadership in Climate Action		
Climate Change and Energy	• SD Plantation commits to reduce absolute: – Scope 1 and Scope 2 GHG emissions 42% by 2030 from a 2020 base year (Energy & Industrial Processes) – Scope 1, Scope 2 and Scope 3 GHG emissions 90% by 2050 from a 2020 base year (Energy & Industrial Processes) – Scope 1 and Scope 3 Forest, Land and Agriculture (FLAG) GHG emissions 30.3% by 2030 from a 2020 base year* – Scope 1 and Scope 3 FLAG GHG emissions 72% by 2050 from a 2020 base year* **The target boundary includes removals* • SD Plantation commits that 79% of emissions of our customers and suppliers covering purchased goods and services, capital goods, fuel and energy-related, upstream and downstream transportation and distribution and processing of sold products will have science-based targets by 2027	• In progress – These targets have been validated by the SBTi in November 2023 to be in line with the latest climate science to contribute to limiting global temperature rise to 1.5°C
	• SD Plantation commits to no deforestation across our primary deforestation-linked commodities	• In progress – Achieved 75% compliance in our supply chain for our earlier ambition to be deforestation-free
Biodiversity and Conservation	• Implement biodiversity and conservation plans for unplanted areas in Indonesia and Papua New Guinea by 2025 • Rehabilitation of 400 ha of peat areas in Sarawak	• Inventory for Conservation & Biodiversity area for Minamas Plantation completed. A total of 4,671 ha identified to be protected and 4,476 ha to be restored • In progress – 50 ha area rehabilitated at Lavang Estate, Sarawak
Fire and Haze	• Zero use of fire for land preparation	• Completed and monitored through active fire hotspot monitoring
Leadership in Social Performance		
Health and Safety	• 15% annual reduction in frequency of safety and health incidents against previous year	• In progress – Achieved 8.7% annual reduction in frequency of safety and health incidents
Human Rights and Fair Labour Practices	• Resolution of Withhold Release Order (WRO)	• Completed
	• Implement enhanced fair labour practices programme in Indonesia, PNG and SI	• In progress
	• 100% of workers globally covered by grievance mechanism	• Completed – 100% covered by Suara Kami helpline and/or Whistleblowing channel

MATERIAL MATTERS	COMMITMENTS	PERFORMANCE
Leadership in Social Performance		
Community Rights and Development	• Engage and empower communities for inclusive development	• In progress
Diversity and Inclusion	• More than 30% of women on the board and/or in top management	• Women on board: 33% • Women on top management: 43%
Build Resilient Supply Chains		
Supply Chain Management	• 100% traceability to mills and plantation across our supply chain	• 93.2% Traceability to Mills • 70.9% Traceability to Plantation
	• 100% verified No Deforestation, No Peat and No Exploitation (NDPE) supply chain, inclusive of smallholders by 2025	• 75% of supply chain delivering on NDPE requirements
	• Ensure more than 50,000 smallholders within the Group's supply chain adopt responsible agriculture practices by 2025 in line with SD Plantation's Responsible Sourcing Guidelines	In progress: • 33,746 smallholders in support programmes • 18,212 smallholders are Roundtable on Sustainable Palm Oil (RSPO) certified
Building Trust Through Engagement and Transparency		
Product Quality and Safety	• Achieved Hazard Analysis Critical Control Points (HACCP) certification in mills and operating plants	• 49 mills, 7 kernel crushing plants and 5 bulking plants
	• Low Mineral Oil Saturated Hydrocarbons (MOSH) and Mineral Oil Aromatic Hydrocarbons (MOAH) commitment of <10ppm & <1ppm	• In progress (Malaysia, Indonesia) • Completed (PNG/SI)
Customer Privacy and Data Protection	• Maintain zero non-compliances with data privacy and cybersecurity laws	• Achieved zero non-compliances with data privacy and cybersecurity laws
Corporate Governance and Anti-Corruption	• Assessed 100% of operations for fraud and corruption-related risks	• Achieved 100%
Operational Efficiency		
Yield Intensification	• Produce sufficient GenomeSelect™ seeds to meet 2026 replanting requirements for Malaysia operations	• In progress
Responsible Consumption and Production	• Adoption of integrated pest management in plantations • Eradicating the use of World Health Organisation Class 1A or 1B pesticides	• Completed • Completed
Waste and Effluent Management	• Achieve effluent discharge intensity targets – Malaysia: 0.65 m^3/metric ton FFB – Indonesia: 0.5 m^3/metric ton FFB – PNG/SI: 0.7 m^3/metric ton FFB	• In progress, achievement in 2023 – Malaysia: 0.74 m^3/metric ton FFB – Indonesia: 0.55 m^3/metric ton FFB – PNG/SI: 0.51 m^3/metric ton FFB
Water Management	Achieve water consumption intensity of 1.0 m^3 per tonne FFB processed in Malaysia	• In progress – Acheived 1.52 m^3 per tonne FFB processed

CONCLUSION

In line with the Group's five-year strategy blueprint, our sustainability efforts are focussed on leadership in climate action and social performance, building resilient supply chains, and building trust through engagement and transparency. We believe in being open and honest, and we are committed to making a positive impact on the environment, people and the industry. For a more comprehensive overview of each section of the sustainability statement, please refer to our 2023 Sustainability Report.

Performance Data Table

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	100.00	100.00	100.00
Management	Percentage	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00
Non-Executive	Percentage	79.00	76.00	79.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	37	38	27
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	66,412,417.00	73,513,685.00	56,748,562.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	23,751	62,906	24,526
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Executive 23 years and below	Percentage	9.10	15.30	12.10
Executive 24-38 years	Percentage	53.60	50.40	55.00
Executive 39-55 years	Percentage	36.20	33.40	31.40
Executive 56 years and above	Percentage	1.20	0.90	1.50
Non-Executive 23 years and below	Percentage	7.30	12.90	12.20
Non-Executive 24-38 years	Percentage	46.50	47.30	50.50
Non-Executive 39-55 years	Percentage	44.80	39.40	35.10
Non-Executive 56 years and above	Percentage	1.40	0.50	2.30
Worker 23 years and below	Percentage	12.70	16.60	16.80
Worker 24-38 years	Percentage	51.20	50.80	51.50
Worker 39-55 years	Percentage	35.40	32.50	31.30
Worker 56 years and above	Percentage	0.70	0.20	0.40
Gender Group by Employee Category				
Executive Male	Percentage	76.00	73.00	72.00
Executive Female	Percentage	24.00	27.00	28.00
Non-Executive Male	Percentage	77.00	78.00	75.00
Non-Executive Female	Percentage	23.00	22.00	25.00
Worker Male	Percentage	80.00	81.00	84.00
Worker Female	Percentage	20.00	19.00	16.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	73.00	70.00	67.00
Female	Percentage	27.00	30.00	33.00
30-50 years	Percentage	0.00	0.00	11.00
Above 50	Percentage	100.00	100.00	89.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	8,617,963.00	7,920,376.00	8,049,478.00
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	1	5	5
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	7.20	9.30	8.70
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	72,245	71,320

Internal assurance | External assurance | No assurance | (*)Restated

Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	13,533	28,964	22,478
Executive	Hours	37,513	57,321	75,717
Non-Executive	Hours	74,970	62,511	96,696
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	55.00	55.00	60.00
Bursa C6(c) Total number of employee turnover by employee category				
Executive	Number	253	335	297
Non-Executive	Number	1,128	1,478	965
Worker	Number	19,431	19,641	20,861
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	98.00	97.00	99.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	24,068.000000	24,964.528000	23,649.124000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	172,074.00	177,684.00	182,810.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	11,649.00	15,417.00	15,416.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	160,425.00	162,267.00	167,394.00
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	10,251,292.00	9,742,966.00	9,379,764.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	160,122.00	164,201.00	167,688.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	8,195,389.00	8,961,121.00	9,128,227.00
Total carbon removals in tonnes of CO2e	tCO2-e	6,711,215.00	6,892,517.00	6,843,700.00

Internal assurance | External assurance | No assurance | (*)Restated

Notes:
1. *Indicator C1(a) represents Head Office employees only.*
2. *Indicator C3(a) on employee category by age excludes PNG and SI, UK and Netherlands.*
3. *Indicator C3(a) on employee category by gender excludes Upstream NBPOL (PNG and SI), UK and Netherlands due to privacy laws,*
4. *Indicator C4(a) unit is in MWh.*
5. *Data collection for indicator C5(c) started in FY2022.*
6. *Indicator C6(b) represents Malaysia and Indonesia only. Trainees, contract, and temporary employees are excluded from the total headcount reporting.*
7. *Indicator C7(a) represents Malaysia and Indonesia only.*
8. *Indicators C11(a), (b) and (c) have been subjected to an external limited assurance by an independent third party, PricewaterhouseCoopers PLT. Please refer to the independent limited assurance report on pages 64 to 67 of the 2023 Sustainability Report. Among the key scope 3 categories included are Purchased Goods and Services, Capital Goods, Fuel and Energy related activities, Upstream Transportation and Distribution and Processing of Sold Products. Two Scope 3 categories are excluded as they are irrelevant to SD Plantation's operations – Downstream-leased assets and Franchises.*
9. *Indicator "Total carbon removals" unit is in metric tonnes.*

Corporate Information

BOARD OF DIRECTORS

Tan Sri Dr Nik Norzrul Thani Nik Hassan Thani
Non-Independent Non-Executive Chairman

Datuk Mohamad Helmy Othman Basha
Group Managing Director

Dato' Halipah Esa
Senior Independent Non-Executive Director

Dato' Mohd Nizam Zainordin
Non-Independent Non-Executive Director

Datuk Mohd Anwar Yahya
Independent Non-Executive Director

Dato' Idris Kechot
Independent Non-Executive Director

Dato' Sri Sharifah Sofianny Syed Hussain
Independent Non-Executive Director

Mohd Irwan Ahmad Mustafa
Non-Independent Non-Executive Director

Jenifer Thien Bit Leong
Independent Non-Executive Director

Sharifah Sheila Syed Muhamad
Non-Independent Non-Executive Director

Ahmad Faiz Ahmad Shahrudin
Alternate Director to Mohd Irwan Ahmad Mustafa

GROUP MANAGING DIRECTOR
Datuk Mohamad Helmy Othman Basha

SECRETARY
Azrin Nashiha Abdul Aziz
(LS 0007238)

REGISTERED OFFICE
Level 10, Main Block, Plantation Tower
No. 2, Jalan PJU 1A/7, Ara Damansara
47301 Petaling Jaya, Selangor Darul Ehsan
Malaysia.
Telephone : +(603) 7848 4000
Facsimile : +(603) 7848 5360
Email : communications@simedarbyplantation.com
Website : www.simedarbyplantation.com

SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
Registration No.: 197101000970 (11324-H)

Office:
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia.

Telephone : +(603) 2783 9299
Facsimile : +(603) 2783 9222
Email : is.enquiry@my.tricorglobal.com

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia.

AUDITORS
PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia.

Telephone : +(603) 2173 1188
Facsimile : +(603) 2173 1288

FORM OF LEGAL ENTITY
Incorporated on 2 April 2004 as a private company limited by shares under the Companies Act, 1965 and converted into a public company limited by shares on 20 July 2017.

STOCK EXCHANGE LISTING
Listed on the Main Market of Bursa Malaysia Securities Berhad since 30 November 2017.

Stock Code : 5285
Stock Name : SIMEPLT

PLACE OF INCORPORATION AND DOMICILE
Malaysia

Board at a Glance

Composition

Group Managing Director

Non-Independent Non-Executive

Independent Non-Executive

Age

43 years old

60 years old

74 years old

Board's Average Age

Ethnicity

9 Malay

1 Chinese

Gender Diversity

40%
4 Person

60%
6 Person

Female Directors currently represent **40%** of Board composition.

Board of Directors' Profiles

TAN SRI DR NIK NORZRUL THANI NIK HASSAN THANI

Chairman, Non-Independent Non-Executive Director

Malaysian	**Nationality**
63/Male	**Age/Gender**
16 June 2022	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers
T7 Global Berhad
Pertama Digital Berhad

Public Companies
Malaysian Rating Corporation Berhad
Cagamas Holdings Berhad
Amanah Saham Nasional Berhad
MARC Ratings Berhad

Areas of Expertise:
Legal, Business and Regulatory Affairs

Relevant Experience
Tan Sri Dr Nik Norzrul Thani began his legal career with an international law firm, Baker & McKenzie, Singapore. In 2017, he was appointed Chairman of the Malaysia-Singapore Business Council by the Ministry of International Trade and Industry of Malaysia. He is currently a consultant at Malaysia's largest law firm (which is also a member of KPMG's Global Legal Services network), Zaid Ibrahim & Co. His areas of expertise include providing legal advice on Islamic finance, banking, offshore finance, debt restructuring, as well as international, corporate and commercial law.

Tan Sri Dr Nik Norzrul Thani also oversees debt and corporate restructuring transactions and the issuance of private debt securities, encompassing Islamic financial instruments for both domestic and international clients. With extensive experience in corporate and commercial law, he provides valuable insights in establishing a robust governance framework for the Group.

Industry Background
- Legal services
- Plantation
- Rating agency

DATUK MOHAMAD HELMY OTHMAN BASHA

Group Managing Director

Malaysian	**Nationality**
57/Male	**Age/Gender**
1 July 2019	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers
None

Public Companies
Malaysian Palm Oil Council

Areas of Expertise:
Plantation, Management and Finance

Relevant Experience
Datuk Mohamad Helmy was formerly Chief Executive Officer of Highlands & Lowlands Berhad and Guthrie Ropel Berhad. He has also held various senior leadership positions in Sime Darby Plantation Berhad's (SD Plantation) upstream business and Kumpulan Guthrie Berhad. Datuk Mohamad Helmy's multidisciplinary experience and knowledge are invaluable to the Group as he steers SD Plantation's global business towards becoming an industry leader in environmental, social and governance (ESG) practices and innovation.

As Chairman of the Malaysian Palm Oil Board, Datuk Mohamad Helmy plays a pivotal role in shaping the industry's direction and steering sustainability initiatives within the country's palm oil sector.

Industry Background
- Plantation
- Property development
- Oil and gas

DATO' HALIPAH ESA

Senior Independent Non-Executive Director

N S B

Malaysian	**Nationality**
74/Female	**Age/Gender**
1 September 2020	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers
None

Public Companies
None

Areas of Expertise:
Economics and Public Administration

Relevant Experience
Dato' Halipah has served as a consultant to the World Bank and United Nations Development Programme. She has also held various senior public administration roles in the Economic Planning Unit (EPU) of the Prime Minister's Department and the Ministry of Finance. She was Director General of EPU prior to her retirement. One of the priority areas in economic planning and management she was involved in was establishing national policies, programmes and projects to address environmental and sustainability issues.

Dato' Halipah contributes a dynamic and wide-lens view of public policy which helps to broaden SD Plantation's strategic perspective on social issues.

Industry Background
- Economic development planning and budgeting
- Public administration and intergovernmental institutions
- Property development
- Port and shipping
- Education and training

Board Committees

G Governance & Audit Committee
N Nomination & Remuneration Committee
R Risk Management Committee
S Sustainability Committee
B Tender Committee
◇ Denotes Committee Chairman

DATO' MOHD NIZAM ZAINORDIN

Non-Independent Non-Executive Director

G

Malaysian	**Nationality**
60/Male	**Age/Gender**
14 July 2017	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers
None

Public Companies
Pengurusan Pelaburan ASN Berhad

Areas of Expertise:
Finance and Investment Management

Relevant Experience
Dato' Mohd Nizam has over 26 years of regional fund management experience across various senior roles in Permodalan Nasional Berhad (PNB). He was Deputy President and Group Chief Financial Officer of PNB prior to his retirement. He contributes invaluable financial expertise to the Group in implementing robust financial governance as well as ensuring a consistent enterprise-wide approach to the Group's investment and capital allocation strategy.

Industry Background
- Fund management

DATUK MOHD ANWAR YAHYA

Independent Non-Executive Director

R G N

Malaysian	**Nationality**
69/Male	**Age/Gender**
10 May 2021	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers
Fraser & Neave Holdings Berhad

Public Companies
Amanah Saham Nasional Berhad
Public Islamic Bank Berhad

Areas of Expertise:
Strategy and Corporate Finance

Relevant Experience
Datuk Mohd Anwar has over 40 years of experience in accounting and finance.
He has held various financial and business advisory roles at PricewaterhouseCoopers that span a wide range of industries. With extensive industry experience and expertise in real estate, utilities and financial services, among others, Datuk Mohd Anwar contributes to the establishment of best practices within a robust financial governance framework, as well as effective financial and risk management.

Industry Background
- Accounting and finance
- Corporate finance, mergers & acquisitions and specialist valuation
- Policy and strategy

DATO' IDRIS KECHOT

Independent Non-Executive Director

G R S

Malaysian	**Nationality**
69/Male	**Age/Gender**
29 December 2022	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers
Kumpulan Fima Berhad

Public Companies
None

Areas of Expertise:
Accounting, Investment & Financial Management and Banking

Relevant Experience
Dato' Idris has over 35 years of experience and expertise in the unit trust and investment management business. He started his career as a research analyst with PNB in 1983, focussing on industry and sectorial research. He has an impressive track record of successfully leading PNB, one of the largest fund management companies in Malaysia, in the unit trust and investment management operations until his retirement in 2018 as PNB's Deputy President and Group Chief Operating Officer, Asset Management. He currently serves as Chairman of Kumpulan Fima Berhad.

Dato' Idris' diverse business experience and expertise in various industries including plantations make him a valuable asset as he provides unique insights into both upstream and downstream businesses.

Industry Background
- Fund management
- Plantation
- Automotive
- Electronics
- Property

Board of Directors' Profiles

DATO' SRI SHARIFAH SOFIANNY SYED HUSSAIN
Independent Non-Executive Director

B N

Malaysian	**Nationality**
62/Female	**Age/Gender**
29 December 2022	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers
None

Public Companies
- Maybank Investment Bank Berhad
- Maybank Capital, Inc
- Maybank Securities, Inc
- Andaman Capital Investment Limited

Areas of Expertise:
General Management, Accounting/Financial Management, Banking and Finance

Relevant Experience
Dato' Sri Sharifah Sofianny has more than 20 years of experience holding various leadership roles in stockbroking and wholesale banking businesses. She began her career at Shell Malaysia, where she spent 11 distinguished years before moving to K&N Kenanga Berhad. Dato' Sri Sharifah Sofianny then joined Maybank Investment Bank Berhad as Deputy Managing Director, Equities, and rose to the position of Managing Director, Client Coverage at Maybank in early 2014. Her appointment brings additional financial and banking expertise to the Group, while providing valuable insights and perspectives to the Board's deliberations.

Industry Background
- Oil and gas
- Securities investment
- Banking
- Fund management

MOHD IRWAN AHMAD MUSTAFA
Non-Independent Non-Executive Director

R B N

Malaysian	**Nationality**
43/Male	**Age/Gender**
23 August 2023	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers
None

Public Companies
None

Areas of Expertise:
Audit, Financial Advisory, Fund Management, Private Equity and Finance

Relevant Experience
Mr Mohd Irwan is currently the Group Chief Financial Officer of Permodalan Nasional Berhad (PNB), a role he assumed after serving as Group Head of Private Markets where he was responsible for private equity and infrastructure investments. Prior to joining PNB, he was the Director of Investment at Ekuiti Nasional Berhad. His previous roles include Vice President for Business Development at Integrax Berhad and Halim Rasip Holdings Sdn Bhd. He started his career as an Associate in Assurance Services at PricewaterhouseCoopers Malaysia (PwC), where he rose to become Manager of Corporate Finance in Advisory Services. His tenure at PwC equipped him with a solid foundation in financial management and advisory.

Industry Background
- Finance
- Transportation
- Telecommunication
- Consumer services
- Oil and gas
- Fund management
- Infrastructure
- Education
- Manufacturing

JENIFER THIEN BIT LEONG
Independent Non-Executive Director

G S

Malaysian	**Nationality**
56/Female	**Age/Gender**
22 December 2023	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers
None

Public Companies
UEM Edgenta Berhad
Malaysian Pacific Industries Berhad
AEON Co. (M) Berhad

Areas of Expertise:
Supply Chain, Business Management, Sustainability and Organisation Development

Relevant Experience
Ms Jenifer Thien has over 30 years of international senior executive experience in the consumer-packaged goods industry, taking on supply chain, procurement and business leadership roles in various countries across Asia and the United States. This includes 25 years at Mars Incorporated, where she last served as the Global Chief Procurement Officer. In the course of her career, Ms Jenifer has successfully led complex business transformation, organisational development and sustainability programmes through her in-depth understanding of business enterprises, the ability to lead and mobilise the necessary capabilities, as well as intensive stakeholder engagement.

Industry Background
- Consumer goods
- Commercial services
- Commodities

Board Committees

G Governance & Audit Committee · N Nomination & Remuneration Committee · R Risk Management Committee · S Sustainability Committee · B Tender Committee · ◇ Denotes Committee Chairman

SHARIFAH SHEILA SYED MUHAMAD

Non-Independent and Non-Executive Director

R

Malaysian	**Nationality**
49/Female	**Age/Gender**
5 February 2024	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers

None

Public Companies

None

Areas of Expertise:

Portfolio Management, Equity Research and Corporate Finance

Relevant Experience

Ms Sharifah Sheila has over 25 years of experience in fund management and research, where she joined Employees Provident Fund (EPF) in 2010. Prior to that, she held various key investment positions, including Vice President and Equities Fund Manager at CIMB-Principal Asset Management Berhad, Equities Fund Manager at Prudential Unit Trust Berhad, and Assistant Manager in Investment Banking at Commerce International Merchant Bankers Berhad. She is currently Head, Global Equity, EPF, where she oversees investments in both developed and emerging markets across five regions. Throughout her career, she has demonstrated exceptional leadership and strategic business acumen, making her a valuable asset in the financial industry.

Industry Background

- Banking
- Investment
- Research

AHMAD FAIZ AHMAD SHAHRUDIN

Alternate Director to Mohd Irwan Ahmad Mustafa

Malaysian	**Nationality**
40/Male	**Age/Gender**
23 August 2023	**Date of Appointment**

Directorship of other listed issuers/public companies:

Listed Issuers

None

Public Companies

None

Areas of Expertise:

Corporate Finance and Strategic Investment

Relevant Experience

Mr Ahmad Faiz is currently Vice President of Strategic Investments at PNB. He was previously Assistant Vice President in Public Equity and Strategic Investments. Mr Ahmad Faiz has over 16 years of extensive experience within PNB, primarily in overseeing PNB's investments in the plantation and banking sectors. His work ethics has seen him progressing through various key departments at PNB including at the Corporate Services Department, Office of the President & Group Chief Executive (PGCE) and Public Equity, where he provided invaluable support and managed the public equity portfolios.

Industry Background

- Plantation
- Healthcare
- Telecommunications

Additional Information

1. Save as disclosed below, none of the Directors has any family relationship with and is not related to any director and/or major shareholder of SD Plantation, nor has any personal pecuniary interest in any business arrangement involving the Company:

   (i) The nominee Directors of Permodalan Nasional Berhad are as follows:
   - Tan Sri Dr Nik Norzrul Thani Nik Hassan Thani;
   - Dato' Mohd Nizam Zainordin; and
   - Mohd Irwan Ahmad Mustafa.

   (ii) Sharifah Sheila Syed Muhamad, a nominee Director of Employees Provident Fund.

2. None of the Directors has any conviction for offences within the past five years, nor public sanctions or penalties imposed by the relevant regulatory authorities during the financial year other than traffic offences, if any.

3. Save as disclosed below, none of the Directors has any conflict of interest with SD Plantation:

   (i) Datuk Mohd Anwar Yahya by virtue of his indirect interest in Mizou Holdings Sdn Bhd, which is a vendor of SD Plantation and his position as a Director of Public Islamic Bank Berhad, which is one of the financiers of SD Plantation.

   (ii) Dato' Idris Kechot by virtue of his position as the Chairman and Director of Kumpulan Fima Berhad, which is a vendor of and in the same business sector as SD Plantation.

   (iii) Jenifer Thien by virtue of her position as Director of Olam Agri Holdings Limited, which is in the same business sector as SD Plantation.

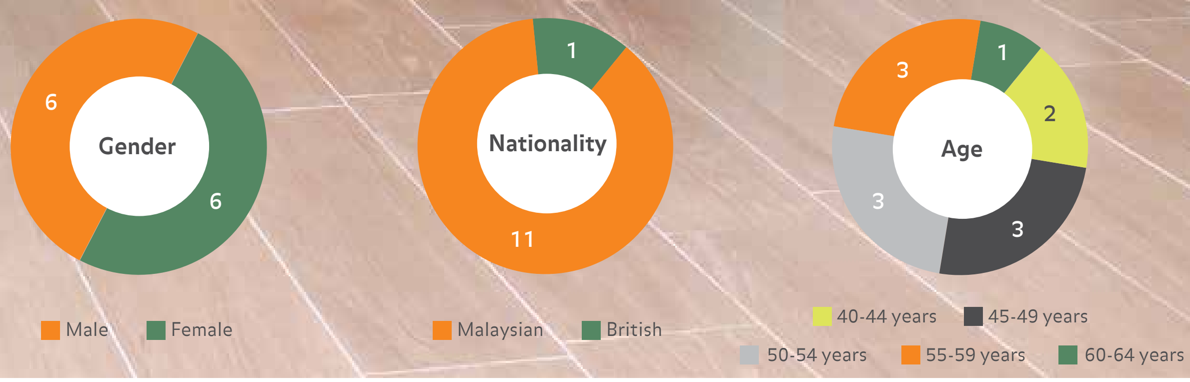
4. None of the Directors hold more than five directorships in listed issuers.

5. The details of Directors' attendance at Board Meetings held in the financial year ended 31 December 2023 are set out in the Corporate Governance Overview Statement on pages 103 to 111.

For more information on the Directors' qualifications and past experiences, refer to Our Leaders section of SD Plantation's website at www.simedarbyplantation.com.

Senior Leadership Team

PLANTATION LEADERSHIP COMMITTEE



1 **Datuk Mohamad Helmy Othman Basha**
Group Managing Director

2 **Mohd Haris Mohd Arshad**
Group Chief Operating Officer, SD Plantation & Managing Director, SDO

3 **Renaka Ramachandran**
Chief Financial Officer

4 **Zulkifli Zainal Abidin**
Chief Human Resources Officer

5 **Azrin Nashiha Abdul Aziz**
Group Secretary

6 **Leela Barrock**
Chief Communications Officer

7 **Rashyid Redza Anwarudin**
Chief Sustainability Officer

8 **Melissa Lokman**
Chief Strategy & Innovation Officer

9 **Anil Abraham**
Group General Counsel

10 **Suhailah Mohamed Abdulla**
Chief Integrity and Assurance Officer

11 **Gajani Nayagi Seeveneserajah**
Chief Risk Officer & Special Projects

12 **Aditya Tuli**
Chief Digital Officer

13 **Roslin Azmy Hassan**
Chief Executive Officer, Upstream Malaysia

14 **Adi Wira Abd Razak**
Chief Executive Officer, Upstream Indonesia

15 **Mohd Azlan Shah Mohd Zin**
Chief Executive Officer, Upstream Papua New Guinea and Solomon Islands

16 **Dr Shariman Alwani Mohamed Nordin**
Chief Operating Officer, SDO

17 **Dr David Ross Appleton**
Chief Research and Development Officer

Plantation Leadership Committee
Operations Leadership Team (OLT)

> As a Group, we are committed to upholding the important principles of good governance, accountability, transparency and integrity.

Chairman's Statement on Corporate Governance

Dear Shareholders,

On behalf of the Board of Directors (Board), I am pleased to present the Sime Darby Plantation Berhad (SD Plantation or the Group) Corporate Governance Overview Statement (CGOS) for the financial year ended 31 December 2023.

The Board is collectively responsible for the sustainable long-term performance, economic value and growth of the Group. The Board remains committed to building resilience through the adoption and strengthening of the Group's corporate governance policies and practices, to ensure long-term business sustainability in a fast-evolving and transforming business landscape.

As a Group, we are committed to upholding the important principles of good governance, accountability, transparency and integrity. We embrace these principles and engrain them in our shared values, goals and practices to enable us to drive responsible growth and robust business performance. We believe that the highest standards of corporate governance are critical for delivering consistent, long-term returns to our shareholders. A robust governance culture and processes are fundamental to build trust and inspire customers' and investors' confidence, ensuring that we are able to protect the interests of our stakeholders and ensure long-term shareholder value.

The Group's corporate governance framework provides clarity in ensuring that a strong level of governance is maintained in the Board's rigorous and diligent decision-making process. It also, enables the Group to embed a shared governance culture throughout the organisation as part of our effort in building a sustainable business for all our stakeholders.

This Statement gives a general overview of the activities of the Board and the Board Committees throughout the year under review, and how the Board continues to pay high regard to corporate governance and internal controls in all aspects of the organisation.

Comprising a majority of Non-Executive Directors, the Board structure is designed to ensure there is a clear balance of responsibilities between the executive and non-executive functions. As Chairman, I am primarily responsible for setting the Group's strategy in conjunction with the Board, and for ensuring the effective operation of the Board. Additionally, my colleagues on the Board play a critical role in further championing efforts to strengthen the governance practices of the Group.

In the year ahead, the Board will continue to provide guidance to the Group, focussing on resilience and agility as well as building on the improved governance practices and processes that we have in place. The Board will also focus on strengthening oversight of sustainability risks and opportunities and integrating sustainability goals with business strategy and operations.

I am pleased to report that the Group has complied with the relevant provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Corporate Governance Guide – 3rd Edition issued by Bursa Securities and the Companies Act 2016. The status and the Company's application of the Practices of the MCCG 2021 (MCCG) are explained in the Corporate Governance Report which is available to the public on the Company's corporate website at www.simedarbyplantation.com. I am pleased to inform that we have substantially applied the Practices enumerated in the MCCG.

Tan Sri Dr Nik Norzrul Thani Nik Hassan Thani
Chairman

Corporate Governance Overview Statement

In 2023, we reaffirmed our commitment to human rights by implementing industry-leading responsible business practices. This stemmed from a robust culture of corporate governance led by the Board that is geared towards protecting shareholder value along with ensuring sustainable growth of the Group. Going forward, we recognise that the journey towards a sustainable future and long-term value creation will require the collaboration and support of our stakeholders. We look forward to working with them in this regard and thank them for their commitment and contributions to the Group to date, which have reinforced our efforts to build a sustainable business on a bedrock of good governance that will stand the test of time.

INTRODUCTION

As a market leader with operations in 12 countries and serving global customers, Sime Darby Plantation Berhad (SD Plantation) operates in a fast-paced and dynamic environment. Among the rapidly evolving global megatrends that impact the Group is the increasing importance placed by stakeholders on environmental, social and governance (ESG) matters.

Calls for greater transparency and a stronger commitment to sustainability are mounting as stakeholders want to see the integration of ESG considerations in companies' strategies and operations. Good governance is imperative as it forms the foundation on which organisations are able to drive responsible and sustainable business practices that protect stakeholder interests.

At SD Plantation, we embrace the current emphasis on corporate governance as it is an extension of our core values – integrity, respect & responsibility, enterprise and excellence. To us, good governance is not just about adherence to a set of recommendations; it stands at the heart of everything we do and forms the underlying foundation of our business.

We have always sought to be at the leading edge of good governance in our industry and will endeavour to maintain our position. In strengthening our governance framework and policies, we hope to keep breaking new ground as we build a sustainable business that creates long-term value for our stakeholders.

KEY GOVERNANCE HIGHLIGHTS

In 2023, we demonstrated our leadership in corporate governance with several industry firsts. Among the year's highlights were:

- Completing the comprehensive process, under the supervision of the Board Sustainability Committee, to review, revise and where necessary upgrade the Group's protocols for recruiting, managing and working with our workers leading to the United States Customs and Border Protection (USCBP) recognising that our palm oil products are not produced with forced labour
- Overseeing the implementation of an enhanced policy on Migrant Workers Responsible Recruitment Procedure which, among others, prohibits passing on recruitment fees or any related costs to workers
- Formulating and launching our commitment to net-zero emissions by 2050 together with a clear roadmap
- Discussing and formulating a Strategy Charter that leverages sustainability, operational excellence and innovation to drive growth over the next five years.

DISCLOSURE FRAMEWORK

Our Board has aligned the Group's corporate governance disclosures with enhanced provisions as set out in the:

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the Listing Requirements);
- Companies Act 2016 (Malaysia);
- Corporate Governance Guide – 4th Edition issued by Bursa Malaysia Berhad; and
- Malaysian Code on Corporate Governance (MCCG) 2021.

We complied substantially with the practices outlined in MCCG 2021 for the period under review.

The overall status of the application of MCCG 2021 is disclosed in the Group's Corporate Governance Report 2023, which is also available on our website under the Corporate Governance section at www.simedarbyplantation.com

This statement is made in accordance with a resolution of the Board of Directors dated 23 April 2024.

CHANGES TO BOARD COMPOSITION

In 2023, Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas, the Group's former Chairman retired upon completion of his term while three other members of the Board resigned, namely, Tunku Alizakri Raja Muhammad Alias and Datuk Seri Amir Hamzah Azizan, former Non-Independent Non-Executive Directors and Tan Ting Min, former Independent Non-Executive Director.

The Board welcomed Mohd Irwan Ahmad Mustafa, who was appointed a Non-Independent Non-Executive Director on 23 August 2023; and Ahmad Faiz Ahmad Shahrudin, who was appointed an Alternate Director to Mohd Irwan Ahmad Mustafa on the same date. The Board also appointed Jenifer Thien Bit Leong as an Independent Non-Executive Director and Sharifah Sheila Syed Muhamad as a Non-Independent Non-Executive Director on 22 December 2023 and 5 February 2024, respectively.

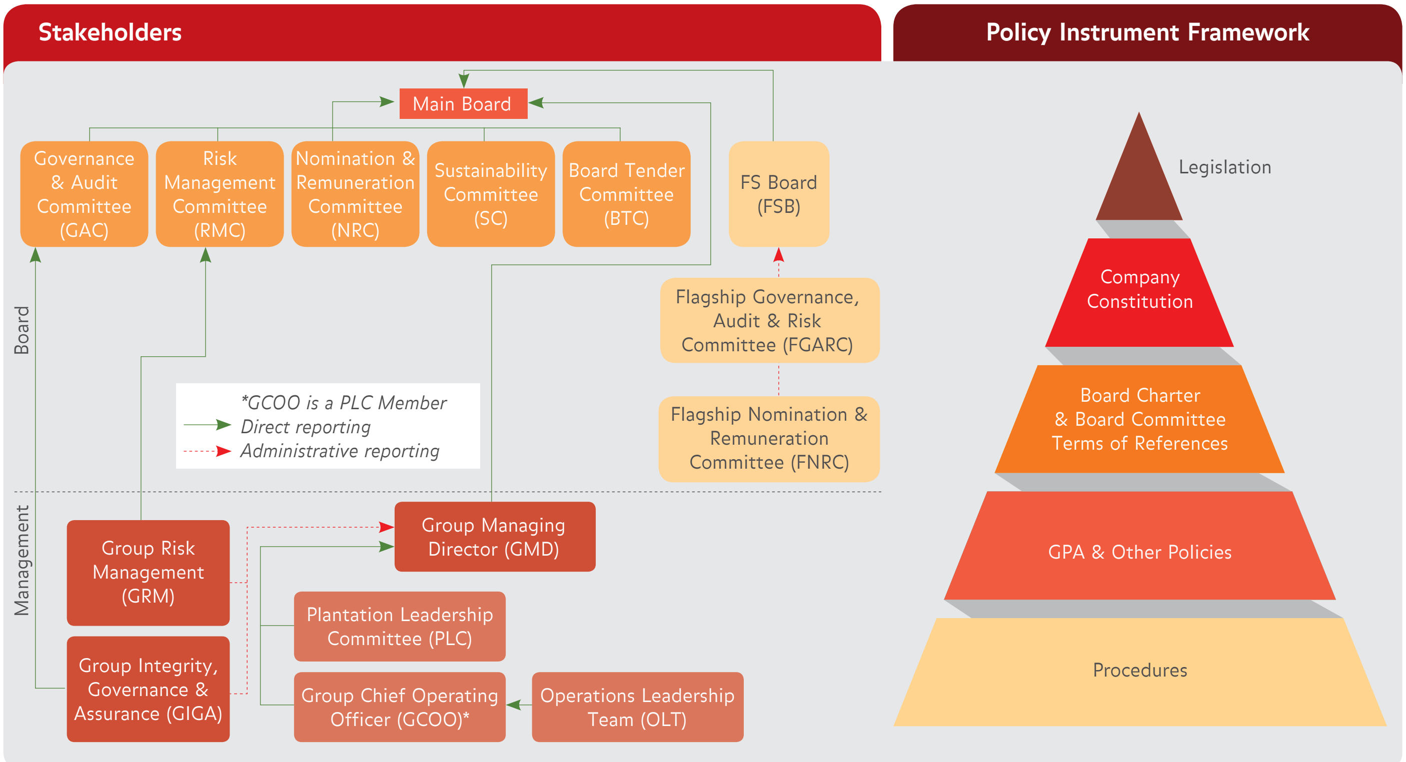
Corporate Governance Overview Statement

CORPORATE GOVERNANCE FRAMEWORK

The Group's CG framework is based on the following principles:

- Promotion of greater transparency, accountability and responsiveness.
- Balancing the operating autonomy of the various Group Companies with appropriate checks and balances and performance benchmarks.
- Cultivation of ethical business conduct and instilling desired behaviour based on the Group's Core Values and Business Principles as set out in the Code of Business Conduct (COBC).

The diagram below illustrates the Group's governance structure:



The primary role of the Board is to promote and protect the interests of the Group including those of the shareholders and stakeholders of each company within the Group. The Board is ultimately responsible for determining the Group's direction, thereby ensuring our long-term success and the delivery of sustainable value to our stakeholders. To that end, the Board provides thought leadership and advice in fine-tuning corporate strategies, and ensures the effective execution of these strategies while championing good governance and ethical practices.

The Board also believes in the alignment between shareholder value and the wider interest of other stakeholders, ensuring appropriate checks and balances in our sustainable development journey. The Board commits to providing credible and comprehensive reporting as part of our commitment to engaging and effectively communicating with stakeholders on the direction and strategy of the Group as well as our activities and outcomes.

Five Board Committees have been established to assist the Board in discharging our statutory and fiduciary responsibilities. These include ensuring independent oversight of risk management and internal controls. The Board Committees remain up to date and focussed on their relevant areas, thus enabling the Board to take a broader perspective, looking at enterprise-level issues such as strategy and governance.

The Terms of Reference of each Board Committee are available on our website under the Corporate Governance section at www.simedarbyplantation.com.

PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities

The Board Charter sets out the Board's strategic intent and outlines the roles and powers that the Board reserves explicitly for itself, and those which it delegates to Management. The Charter also provides for the delegation of some of the Board's powers and functions to Board Committees to assist the Board in carrying out our responsibilities.

The roles and responsibilities of the Board, the Chairman, Directors, Senior Independent Non-Executive Director and the GMD are provided in the Board Charter which is available on our website under the Corporate Governance section at www.simedarbyplantation.com.

Board Meetings and Attendance

Board and Board Committee Meetings **102 total hours**

GAC	15 hours	SC	12 hours
NRC	11 hours	BTC	4 hours
RMC	7 hours	Board	53 hours (including Board Retreats)

The breakdown of Directors' attendance at the Board and Board Committee meetings during FY2023 is set out below:

		Meeting Attendance#					
Directors	**Designation/Independence**	**Board**	**GAC**	**NRC**	**RMC**	**SC**	**BTC**
Tan Sri Dr Nik Norzrul Thani Nik Hassan Thani[1]	Chairman, Non-Independent	7/7			3/3	4/4	2/2
Datuk Mohamad Helmy Othman Basha	Group Managing Director	7/7					
Dato' Halipah Esa	Senior Independent	6/7		6/6		6/6	5/5
Dato' Mohd Nizam Zainordin	Non-Independent	7/7	6/6	6/6			
Datuk Mohd Anwar Yahya	Independent	7/7	6/6	6/6	5/5		
Dato' Idris Kechot	Independent	6/7	6/6		5/5	6/6	
Dato' Sri Sharifah Sofianny Syed Hussain	Independent	7/7		6/6			5/5
Mohd Irwan Ahmad Mustafa[2]	Non-Independent	1/1			2/2		2/2
Jenifer Thien Bit Leong[3]	Independent	–					
Sharifah Sheila Syed Muhamad[4]	Non-Independent	–					
Former Directors							
Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas[1]	Chairman, Non-Independent	4/4					
Tunku Alizakri Raja Muhammad Alias[5]	Non-Independent	0/1					
Tan Ting Min[6]	Independent	4/4	2/3		3/3		
Datuk Seri Amir Hamzah Azizan[7]	Non-Independent	6/6				4/4	

Notes:

 # Reflects the number of meetings held during the time the Director held office.

[1] Tan Sri Dr Nik Norzrul Thani Nik Hassan Thani, was appointed as Chairman on 30 June 2023, in place of Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas who resigned on 15 June 2023.

[2] Encik Mohd Irwan Ahmad Mustafa was appointed on 23 August 2023, and subsequently as a member of the Risk Management Committee (RMC) and BTC on 23 August 2023.

[3] Ms Jenifer Thien was appointed on 22 December 2023, and subsequently as a member of GAC and SC on 5 February 2024.

[4] Sharifah Sheila Syed Muhamad was appointed to the Board and as a member of RMC on 5 February 2024.

[5] Tunku Alizakri Raja Muhammad Alias resigned on 16 February 2023.

[6] Tan Ting Min resigned on 15 June 2023.

[7] Datuk Seri Amir Hamzah Azizan resigned on 12 December 2023.

Corporate Governance Overview Statement

PRINCIPLE A

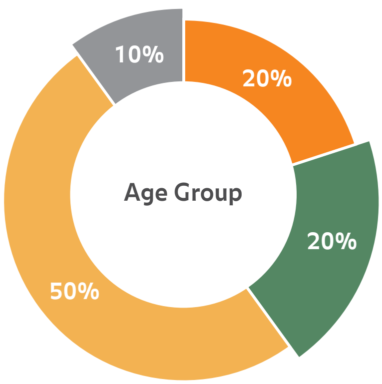
Key Deliberations by the Board

Key deliberations by the Board in FY2023 include	
Strategy	A session by the GMD on strategy and business plan was held at the start of each quarterly Board meeting to provide an overview of the Group's strategic progress and current operating environment. The Board provided guidance and direction as needed, ensuring alignment with the Company's objectives and targets for 2023 and beyond. Two Board Retreats held in March 2023 and September 2023 were successfully conducted with the Plantation Leadership Committee to deliberate the strategic initiatives and direction of the Company. The retreats focussed on digital transformation, succeeding as global champion, the future of Flagship/Major Subsidiary Companies, talent management, financial as well as marketing and branding strategy. The Board Retreat in September 2023 involved the participation of the Boards of Major Subsidiary Companies of SD Plantation.
Respecting Human Rights and Net Zero	The USCBP has modified its forced labour finding against SD Plantation in FY2023. The USCBP has recognised the comprehensive process undertaken by SD Plantation to review, revise and, where necessary, to enhance our protocols in recruiting, and managing our workers. The Board remains committed to upholding fundamental human rights across the Group's operations. These commitments have been inked in the Human Rights Charter, instilled in our core values and are governed by the Code of Business Conduct (COBC) and Group Policies & Authorities (GPA). In 2023, ongoing initiatives have been made to ensure that the Company achieves our goal of net-zero emissions across our entire value chain by 2050. *Further details on the efforts and commitments made by SD Plantation are available in the Press Releases and Public Updates section at www.simedarbyplantation.com.*
Finance and Business Performance	The Board had in-depth deliberations on the financial and business performance of the Group. The Group's financial report is circulated on a monthly basis in addition to the quarterly reporting at Board meetings. The reports tracked the business performance against targets.
Board Composition	Changes to the composition of the Board and Board Committees of SD Plantation and our major subsidiaries continued in 2023 with new Directors being appointed and the departure of some. The year also saw the succession of the Chairmanship of SD Plantation. *For further details on the nomination process and appointment can be found in the Nomination & Remuneration Committee Report on pages 118 to 122.*
Establishment of Flagshop Subsidiary	To ensure accountability and drive better decision making, while providing a system of checks and balances and creating long-term sustainable value for SD Plantation stakeholders, the Board has approved a governance structure where the Major Subsidiary Companies will have increased autonomy and accountability. Revisions to the GPA were also approved by the Board to facilitate the transition of Flagship Subsidiaries. The structure is intended to reduce bureaucracies and permit the SD Plantation Board to focus on SD Plantation's strategic direction and key matters with a view of unlocking shareholder value and capturing growth opportunities for the Major Subsidiary Companies. PT Minamas Gemilang and PT Anugerah Sumbermakmur (Minamas) is the first major subsidiary company of SD Plantation to transition to a Flagship Subsidiary on 1 January 2024.

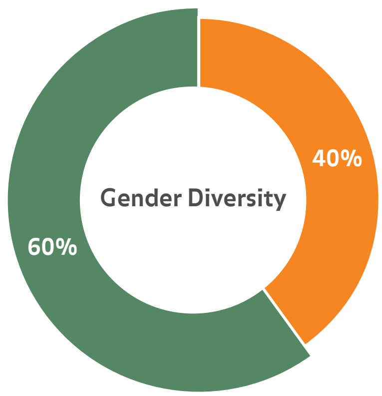
Key deliberations by the Board in FY2023 include	
Governance, Risk and Compliance	In line with amendments to the Listing Requirements to enhance disclosure on conflict of interest, the Board and Governance & Audit Committee have deliberated and approved revisions to the Group Conflict of Interest Guidelines. Revisions to key policies and procedures were also undertaken to ensure that they remain relevant to the current operating environment and reflect better intended practices. *Further details on Governance, Risk and Compliance can be found in the Governance & Audit Committee Report on page 112, the Risk Management Committee Report on page 126, and the Statement on Risk Management and Internal Control on page 127.*
Succession Planning	The Board, together with Nomination & Remuneration Committee (NRC), ensured that there is an appropriate succession plan for members of the Board and Senior Management. *For further details on succession planning can be found in the Nomination & Remuneration Committee Report on page 118.*

Board Composition, Dynamics and Effectiveness

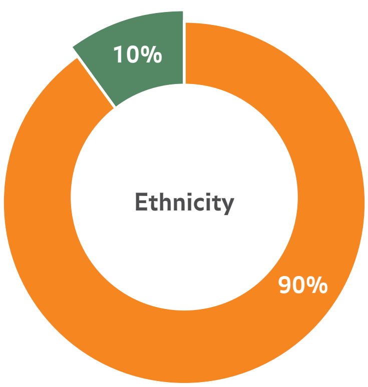
Board Composition and Dynamics



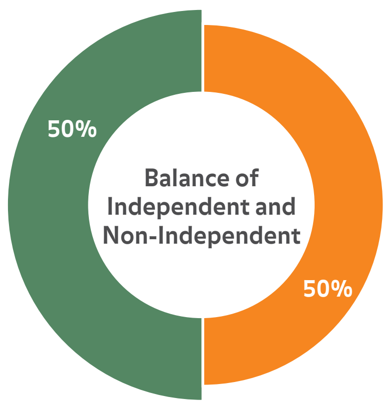
40 – 49: 2 | 50 – 59: 2 | 60 – 69: 5 | 70 – 79: 1



Female: 4 | Male: 6



Malay: 9 | Chinese: 1



Independent: 5 | Non-Independent: 5

Note: As at 31 March 2024.

The profiles of the Board of Directors are on pages 96 to 99 of this Integrated Report.

Corporate Governance Overview Statement

PRINCIPLE A

Board & Directors' Effectiveness Evaluation

The NRC carries out the Board & Directors' Effectiveness Evaluation (BDEE) on an annual basis. For FY2023, the NRC reviewed the actions taken based on the results of the BDEE 2022 which included private discussions with the Chairman and the appointment of consultants to implement intervention plans and enhance the Board's composition. Following the review, the assessment criteria for the BDEE 2023 as well as the exercise to undertake BDEE 2023 through independent facilitators was agreed upon.

Findings of the BDEE 2023 were presented to the Board in February 2024 for its review. These findings reflect a generally satisfactory performance by the Board and Board Committees. All Directors have responded that they are fit and proper. The Board also agreed on appropriate action plans to address key findings of the BDEE 2023 in FY2024 to further enhance its effectiveness.

Detailed information on BDEE 2023 including the assessment criteria and findings, are disclosed in Practice 6.1 of the Corporate Governance Report available on our website under the Corporate Governance section at www.simedarbyplantation.com

Board Committees' Effectiveness in accordance with their Terms of Reference

The Board has reviewed the effectiveness of all Board Committees in carrying out their duties as set out in the respective Committees' Terms of Reference. The Board is satisfied that all Board Committees have discharged their duties effectively in accordance with their Terms of Reference.

Corporate Culture and Values

The Group's corporate culture and values are embodied in the Group's Core Values and Business Principles. Internally, we have in place policies, procedures and guidelines which serve as a backbone for achieving best practices and streamlining internal processes. Key among these is the GPAs which define the lines of responsibility, accountability, and authority limits and represent a formal delegation of the Board's powers and functions to Management. The GPAs are designed to empower Management to achieve business objectives within the boundaries of business ethics and governance. Thereafter, policies, procedures and guidelines are developed to support the achievement of the principles stipulated in the GPAs, all of which, have to be complied with by Directors and employees of the Group.

In dealings between the Group and stakeholders, the expected standards of behaviour are stated in several key policies and are operationalised in the Group's processes and procedures. The written policies are available on the Group's website for the information of employees and other stakeholders. The Group takes seriously any breaches of our standards and provides grievance and whistleblowing channels for stakeholders to report genuine concerns without fear of retaliation or reprisal.

These policies and measures include the following:

- Our Code of Business Conduct, which guides the standards of behaviour expected of all Directors and employees of SD Plantation, and where applicable, our Counterparties and Business Partners.
- The Vendor Code of Business Conduct which mirrors our Core Values and Business Principles and guides our vendors on the required standards of behaviour when conducting work for SD Plantation. By signing the Vendor Integrity Pledge, vendors agree to comply with our standards of behaviour, including but not limited to labour and human rights, sustainability, health, safety and environment, and ethics and management practices (including regulations on anti-bribery, fraud and corruption).
- Our Anti-Corruption Management System is a manifestation of the our zero-tolerance for any form of bribery or corruption and demonstrates SD Plantation's commitment to upholding integrity and combatting corruption in furtherance of our Core Values and Business Principles.
- Our Group Conflict of Interest Guidelines sets out the procedures to manage conflicts of interest relating to Directors and employees in ensuring that all business decisions are made in the best interests of the Group and in compliance with relevant laws and regulations.
- Our grievance and whistleblowing channels provide an avenue for the reporting of genuine concerns without fear of retaliation or reprisal. Any employee, stakeholder or member of the public can lodge their concerns via the Company's Whistleblowing Channels or Suara Kami. To facilitate the reporting of whistleblowing complaints, such complaints can be lodged via various channels (website, e-mail, telephone, WhatsApp, postal box) throughout our global operations.

For more details on these measures, please refer to our website under the Corporate Governance section at www.simedarbyplantation.com

Professional Development and Continuous Education

The Group conducts onboarding sessions for newly appointed Directors to familiarise them with the Group's strategies and businesses, operational and financial performance, challenges and organisational structure. They also participate in field visits and on-ground briefings for a better understanding of the Group's operations.

Following the Directors' Training Needs Assessment conducted in FY2023, training areas that were relevant to the identified focus areas for FY2024 were shared with the Board. All

Directors are encouraged to attend continuous education programmes, as well as visits to SD Plantation's various operations to enhance their skills and knowledge, and to ensure that they keep abreast of new developments and legislations affecting the business and palm oil industry. Our Directors regularly undertake professional development and upskilling programmes to enable them to perform their duties effectively. All Directors, except Sharifah Sheila Syed Muhamad, have completed the Mandatory Accreditation Programme (Part I) (MAP I). Sharifah Sheila, who was appointed on 5 February 2024, will attend the MAP I in April 2024.

The NRC has also identified areas of interest from the Directors' Training Needs Assessment for FY2024 which cover a broad range of topics relevant to the Group's business, the Directors' responsibilities and current topics of concern. For more details, please refer to the NRC report on pages 118 to 122 of this report.

For more details on the Directors' Training and Continuous Education Programme, please refer to the profiles of the Board of Directors on our website under the Our Leaders section at www.simedarbyplantation.com

Board Remuneration

The Directors' remuneration policy is reviewed regularly to ensure the remuneration framework is benchmarked against companies comparable to the Group in size and nature of business. It is imperative that the Directors are remunerated competitively based on their roles and responsibilities, to attract the right talent and calibre, taking into account the performance of the Company, business direction, growth and aspirations.

Salient elements of the Directors' remuneration policy and a summary of the Executive Director's remuneration package are described in Practice 8.1 of the Corporate Governance Report 2023 which is available on our website under the Corporate Governance section at www.simedarbyplantation.com

Remuneration (in the form of fees) of the Non-Executive Directors and members of the Board Committees for FY2023 is shown below:

Board/Board Committee	Chairman (RM/Year)	Member (RM/Year)	Meeting Allowance (RM/Meeting)
Board	600,000	240,000	1,500
Governance & Audit Committee	80,000	50,000	1,000
Nomination & Remuneration Committee	60,000	35,000	1,000
Risk Management Committee	60,000	35,000	1,000
Sustainability Committee	60,000	35,000	1,000
Board Tender Committee	60,000	35,000	1,000

Remuneration and Material Benefits of Directors

Details of Directors' remuneration (including benefits-in-kind) and the aggregate remuneration of Directors at the Group level for FY2023 are disclosed in Practice 8.1 of the Corporate Governance Report available on our website under the Corporate Governance section at www.simedarbyplantation.com.

Remuneration of Senior Management

The NRC reviewed the performance of the GMD and recommended to the Board, for approval, the salary increment and bonus proposal for the GMD. In addition, the NRC recommended for the Board's approval the salary increment and bonus as well as contract renewals for the Direct Reports to the GMD. A total rewards review was also conducted for executives in Malaysia and an incentive programme pool for Sime Darby Oils was recommended.

Corporate Governance Overview Statement

PRINCIPLE B — EFFECTIVE AUDIT AND RISK MANAGEMENT

Governance & Audit Committee

Dato' Idris Kechot, an Independent Non-Executive Director, serves as the Chairman of the Governance & Audit Committee (GAC). The GAC comprises three Independent Non-Executive Directors and one Non-Independent Director.

The GAC's TOR encapsulates its mandate and defines its purpose, composition, appointment, authority, functions and duties. In FY2023, the GAC convened six meetings, during which, key governance matters, audit initiatives and issues across the Group were discussed. The GAC also reviewed significant matters including financial reporting issues, significant judgements made by Management, material and unusual events or transactions, and how these matters were addressed.

In discharging its oversight role on governance and internal controls, the GAC is assisted by the Chief Integrity & Assurance Officer (CIAO) who leads the Group's in-house internal audit (assurance) and integrity and governance functions.

The role and activities of the GAC are detailed in the Governance & Audit Committee Report on pages 112 to 117 of this Integrated Report, and Section A of the Corporate Governance Report 2023 available on our website under the Corporate Governance section at www.simedarbyplantation.com.

Risk Management and Internal Control Framework

The Board is responsible for identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures. The Board recognises that business decisions involve taking appropriate risks, and that the Board's understanding of risks and how risks are addressed have been fundamental in achieving the right balance of risks and controls in the Group.

The Board sets the Group's risk appetite and expects Management to ensure a sound risk management framework is in place to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks. The Board is also responsible for reviewing the adequacy and integrity of the Group's information management and internal control systems by ensuring that, among other matters, there is a sound framework of reporting on internal controls and regulatory compliance.

The Board has delegated these responsibilities to the GAC and RMC, to ensure independent oversight of risk and internal control matters in the Group.

Details of the Risk Management and Internal Control Framework are disclosed in the "Statement on Risk Management and Internal Control" on pages 127 to 135 of this Integrated Report and Section A of the Corporate Governance Report 2023 available on our website under the Corporate Governance section at www.simedarbyplantation.com.

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board believes in maintaining effective, transparent and regular communication with our stakeholders to build trust and facilitate mutual understanding of each other's objectives and expectations.

Timely and Quality Disclosure

The Board is committed to ensuring that all communication with the investing public regarding our business, operations and financial performance is accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, filed with regulators in accordance with applicable legal and regulatory requirements. The Annual General Meeting (AGM) offers an opportunity for the Group's shareholders to raise questions pertaining to the Group's performance directly to the Board, GMD and Senior Leaders.

The Group's website is a key communication channel for us to reach our shareholders, the investment community, and the public. Relevant information on the Group's governance framework, including our values, code of conduct, whistleblowing and other initiatives such as respect for human rights are available on the Group's website. Financial results, announcements made to Bursa Malaysia Securities Berhad and corporate presentations are also available on the website at www.simedarbyplantation.com. This facilitates access to information by our shareholders and other stakeholders.

Integrated Reporting

The Group's Integrated Report for FY2023 has been prepared with reference to GRI Standards and the International <IR> Framework. All financial statements have been prepared according to the requirements of the Companies Act 2016 (Malaysia) and the Malaysian Financial Reporting Standards (MFRS) and audited by the Group's external auditors, PricewaterhouseCoopers PLT.

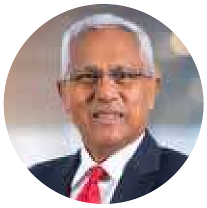
Conduct of General Meetings

Notification in writing to shareholders via hardcopy or electronic means of the publication of the Notice of AGM and the Integrated Report on the Company's website, will be dispatched to shareholders at least 28 days prior to the AGM. The Notification will include a designated website link where shareholders can download a copy of the Notice of AGM and the Integrated Report. Shareholders also have the right to request a hardcopy of the Group's Integrated Report through the designated channel.

The AGM 2024 will be held virtually and live-streamed. Voting at the AGM 2024 will be conducted by poll by way of electronic voting (e-voting) via Remote Participation and Voting (RPV) facilities. Questions to the Board can be submitted in advance as well as through the real-time submission of typed texts during the proceedings of the AGM. The AGM provides an opportunity for the Chairman and other members of the Board to share the Company's progress and performance. Directors will be in attendance at the AGM to address questions from shareholders.

More detailed information on the AGM is available online in the Investor Relations section at www.simedarbyplantation.com.

Governance & Audit Committee Report



"A robust governance structure not only protects the Group but strengthens stakeholders' trust as we are transparent, accountable and responsible."

DATO' IDRIS KECHOT
Chairman of the Governance & Audit Committee

COMPOSITION OF THE COMMITTEE

There has been a couple of changes in the composition of the Governance & Audit Committee (GAC) since the last annual report, with Ms Tan Ting Min relinquishing her position on the committee on 15 June 2023 and Ms Jenifer Thien being appointed a member on 5 February 2024. Details of the GAC members, their appointment dates and attendance at GAC meetings are provided in the Corporate Governance Overview Statement on pages 103 to 111.

In line with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, all the GAC members are Non-Executive Directors, with a majority being Independent Directors. Dato' Idris Kechot serves as the Chairman of the GAC, satisfying the requirement of the Malaysian Code on Corporate Governance (MCCG) 2021 to keep separate the powers of the Chairman of the Board and Chairman of the GAC. None of the GAC members is a former key audit partner of the Group.

The GAC members bring diversity in knowledge and skills to the Group in the effective discharge of their duties. Among the four members of the GAC, Dato' Mohd Nizam Zainordin and Datuk Mohd Anwar Yahya are qualified accountants while Dato' Idris Kechot has vast experience and expertise in investment management, and Ms Jenifer Thien has substantive experience in regional and global business management, supply chain and sustainability advisory. All of these professions, combined, satisfy the need for the GAC to be financially literate and have a sufficient understanding of the Group's activities.

The Group Managing Director, Group Chief Operating Officer, Chief Financial Officer, Managing Director of Sime Darby Oils, Chief Integrity & Assurance Officer (CIAO) and Chief Risk Officer are invited to attend meetings of the GAC to brief and furnish members of the GAC with pertinent information and clarification on relevant items on the agenda. The external auditors, PricewaterhouseCoopers PLT (PwC), also attend the meetings to brief the GAC on matters relating to external audits for the current financial year and provide updates on past audit matters.

ROLES OF THE COMMITTEE

Key areas under the purview of the GAC include financial reporting and performance oversight, the Group's in-house internal audit (assurance) and integrity and governance functions, dealings with external auditors, related party transactions, share issuance schemes, as well as controls and governance oversight.

Detailed Terms of Reference (TOR) of the Committee are available under the Corporate Governance section on SD Plantation's website at www.simedarbyplantation.com.

OUR FOCUS AND ACTION PLAN

The GAC received updates on key governance matters, audit initiatives and issues across the Group at each of its quarterly meetings. It also reviewed significant matters including financial reporting issues, judgements made by Management, and material or unusual events or transactions, and how these were addressed. Key matters discussed by the GAC during the year are summarised below:

Significant Initiatives/Issues	Matters Considered	Outcomes
Impairment assessment on the carrying value of goodwill arising from the New Britain Palm Oil Limited (NBPOL) acquisition	The carrying value of goodwill arising from the NBPOL acquisition was allocated to two of SD Plantation's cash generating units (CGUs), namely NBPOL Group and Minamas Group, the latter since Minamas Group operations are expected to benefit from synergies arising from the acquisition, namely the high yielding Dami Super Family planting material. Management performed an impairment assessment of the CGUs based on the value-in-use (VIU) determined using the discounted cash flow projection for each CGU. Management also performed a range of sensitivity analyses, the results of which showed that an individual change of the key assumptions provides sufficient headroom on the VIU to recover the carrying value of the net assets (including the allocated goodwill) in NBPOL Group and Minamas Group. PwC reviewed and concurred with Management's assessment.	The GAC agreed with Management's assessment and view that no impairment charge is required for the Financial Year (FY) 2023 as the recoverable amounts for NBPOL Group and Minamas Group exceeded the respective Group's carrying value (including the allocated goodwill). The GAC further concurred that appropriate disclosures of key assumptions and sensitivities have been made in the Group's financial statements for FY2023.

<table>
<tr><th>Significant Initiatives/Issues</th><th>Matters Considered</th><th>Outcomes</th></tr>
<tr><td>Application of hedge accounting for downstream operations in Malaysia</td><td>The Group adopts cash flow hedge accounting to hedge forecasted sales of crude palm oil and bulk refined oils to minimise the volatility of profit or loss as any unrealised gain or loss arising from the fair value of futures contracts which are effectively hedged will be recognised within the hedging reserve. The amounts within the hedging reserve will be released to the profit or loss to match the revenue recognised upon delivery of the goods to the end customers.</td><td>The GAC reviewed the effective and ineffective hedges undertaken by the Group and their impact on the Group's profit and loss; and noted that PwC had reviewed the hedge documentation prepared by Management, and checked the accounting treatment of the cash flow hedges applied, without noting any exceptions.</td></tr>
<tr><td>Deferred tax impact arising from Capital Gains Tax (CGT) on disposal of unlisted shares in Malaysia</td><td>Under the Budget 2024 proposal, it was announced that CGT will be imposed on gains from the disposal of shares in unlisted companies incorporated in Malaysia. The Finance (No. 2) Bill 2023 was substantively enacted on 28 November 2023 upon the passing of the bill in the House of Representatives.

The CGT on unlisted shares incorporated in Malaysia is effective for disposals made on or after 1 March 2024. The applicable CGT rates are as follows:

<table><tr><th rowspan="2">Acquisition date of shares</th><th colspan="2">CGT rates</th></tr><tr><th>On net gain</th><th>On gross sales value</th></tr><tr><td>Before 1 March 2024</td><td>10%</td><td>2%</td></tr><tr><td>From 1 March 2024</td><td>10%</td><td>Not applicable</td></tr></table>
Capital losses will arise if the unlisted shares are disposed of for a price that is below the acquisition consideration when the companies acquired the unlisted shares. The resulting capital losses may be used to offset the gains from the disposal of other unlisted shares (or other capital assets subject to CGT). Any capital losses accumulated can be carried forward for up to 10 years of assessment (YAs). Unutilised capital losses will expire after 10 YAs.

As a result of the above, there is a potential deferred tax impact arising from the implementation of CGT on the disposal of unlisted shares in Malaysia if the Group elects the CGT rate at 10% on net gain as per the Malaysian Financial Reporting Standards (MFRS) 112 "Income Taxes").

Following an assessment, Management has concluded that there are no deferred tax assets or liabilities to be recognised on the deductible temporary differences.

PwC reviewed and concurred with Management's assessment.</td><td>The GAC agreed with Management's assessment and view that there is no deferred tax to be recognised arising from the implementation of the CGT in Malaysia.</td></tr>
</table>

Governance & Audit Committee Report

Significant Initiatives/Issues	Matters Considered	Outcomes
Liquidity position of SD Plantation at Company level	As at 31 December 2023, the Company is still in a net current liability position of RM2.5 billion although it showed year-on-year improvement (FY2022: RM3.4 billion). The improvement in liquidity position resulted from the drawdown of borrowings amounting to RM2.4 billion in new facilities to refinance borrowings. Management's assessment indicated the Company is able to meet its liabilities as and when they fall due, through the drawdown of funds from existing unutilised bank facilities of RM2.8 billion available as of 31 December 2023. PwC reviewed Management's assessment and did not note any material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. PwC has also reviewed the loan documentation and amortisation calculations for the new facilities, with no exceptions noted.	The GAC agreed with Management's assessment and view that it is appropriate to prepare the financial statements of the Company on a going concern basis.

SUMMARY OF ACTIVITIES

During the year under review, the GAC discharged its functions and carried out its duties as set out in its TOR. Key activities undertaken by the GAC during the year under review are summarised below:

1. **Financial Reporting**
   - At its quarterly meetings, the GAC reviewed the quarterly financial results and related announcements and press statements prior to submission to the Board for approval. The GAC also deliberated on significant accounting matters identified by the auditors as well as updates on recurring matters previously reported.
   - On 18 April 2024, the GAC reviewed the annual audited financial statements of the Company and the Group, and the accompanying Directors' Report to ensure that the financial statements were drawn up pursuant to the requirements of MFRS and provisions of the Companies Act 2016 of Malaysia, for recommendation to the Board for approval.
   - The GAC deliberated on the report from the auditor for FY2023 which focussed on, among others, summary of corrected and uncorrected misstatements, key auditing and accounting matters, internal control recommendations and changes to the accounting policies and practices.
   - The GAC considered areas of significant audit risks on the Group's consolidated financial statements, including the following:
     – Risk of fraud in revenue recognition
     – Risk of fraud due to Management's overriding control
   - The GAC also considered Management's assessments, impact analysis and financial disclosures relating to significant audit matters and transactions during the financial year, including:
     – Adoption and application of new accounting standards and policies
     – Impairment assessment on assets and goodwill
     – Tax and legal matters
     – Changes in regulations and law
     – Subsequent events
   - The GAC deliberated on the proposed dividends and recommended them to the Board for approval.

2. **External Audit**
   - During the year under review, the GAC held quarterly private meetings with the external auditors, PwC, without the presence of Management (except for the Group Secretary) to discuss matters PwC wished to present and to ensure the absence of restrictions in the scope and discharge of their audit activities.
   - At its quarterly meetings, the GAC reviewed the results and issues reported by PwC, including the Key Audit Matters and updates on Management's responses and resolution actions on issues highlighted in PwC's report.
   - On 15 August 2023, the GAC reviewed and approved PwC's Group Audit Plan which outlined the audit strategy and approach for FY2023.
   - The GAC also reviewed and approved the proposed global audit fees payable to the Group's external auditors for FY2023 during its meeting on 21 November 2023.
   - The annual assessment of PwC's performance (i.e. suitability, objectivity and independence) was completed on 18 April 2024 and conducted in accordance with the Group's policy on External Auditor Appointment & Selection and in consideration of PwC's presentation of its Transparency Report 2023. PwC and all members of its engagement team have confirmed their independence in accordance with the provisions of the By-Laws on Professional Ethics, Conduct and Practice of the Malaysian Institute of Accountants in its Report to the GAC. Accordingly, the GAC has recommended the reappointment of PwC to the Board.

3. Internal Audit

- The GAC held quarterly sessions with the CIAO, without the presence of Management (except for the Group Secretary) to discuss matters the CIAO wished to present and to ensure the absence of restrictions on the discharge of the Group's internal audit activities. As the Group has a combined internal audit (assurance) and integrity & governance function under the CIAO's purview, matters relating to integrity & governance were also included in the private discussions.
- On 15 November 2022, the GAC reviewed the GCA Plan for FY2023 (the Plan) ensuring adequacy of its scope and coverage of the Group's activities based on GCA's risk-based audit methodology and adoption of agile auditing principles. In approving the Plan, the GAC considered the adequacy of GCA's resources and competencies to execute it.
- At every quarterly meeting held throughout FY2023, the GAC reviewed the internal audit reports presented by GCA. GCA also presented the status of audits as compared to the Plan and its resource adequacy in fulfilling the Plan.
- The Group Integrity, Governance & Assurance (GIGA)'s Key Performance Indicators (KPIs) for FY2023 were approved by the GAC on 15 November 2022. Subsequently, the performance appraisal of the CIAO in line with GIGA's FY2023 KPIs was deliberated and approved by the GAC on 19 February 2024.
- On 19 February 2024, the GAC was updated on the implementation of recommendations arising from the External Quality Assessment Review (QAR) undertaken by Group Corporate Assurance (GCA) in 2021.
- In line with the provisions of the Corporate Assurance Charter, the GAC conducted its annual assessment of the purpose, authority, and responsibility of GCA, to ensure that these remain adequate to enable GCA to accomplish its objectives.

4. Integrity & Governance

- The GAC Chairman updated the Board on key matters deliberated at GAC meetings and the activities undertaken by the GAC. This is a standing agenda item at the quarterly meetings of the Board. Minutes of the GAC meetings were circulated to the Board for noting.
- On 15 November 2022, the GAC reviewed and approved the Group Integrity & Governance Plan for FY2023, which outlined the Group's integrity and governance initiatives/key activities and the corresponding resources required to support the achievement of the Group Compliance (GCO) Plan.
- On 21 November 2023, the GAC approved the Group Organisational Anti-Corruption Plan (2024-2026) which serves as a blueprint for advancing the Group's efforts to inculcate the highest level of integrity, transparency and accountability to combat corruption.
- Revisions to the Code of Business Conduct (COBC) Handbook and the Conflict of Interest (COI) Guidelines were reviewed and recommended by the GAC for the Board's approval during the year.
- On 21 November 2023, the GAC reviewed and recommended the revisions to the Group Policies & Authorities, for the Board's approval.
- The GAC was apprised of the status of the Group's Anti-Corruption Compliance Programme on a quarterly basis. This included a review of the Anti-Corruption Management System (ACMS) on 15 August 2023, in tandem with the certification requirements of the ISO 37001:2016 (Anti-Bribery Management System). The GAC was kept abreast of the ethics awareness programmes carried out across the Group.
- The GAC approved the biannual submission of the "Integrity & Governance Core Function Report" to the Malaysian Anti-Corruption Commission (MACC) on 15 August 2023 and 19 February 2024, for the periods of January to June 2023 and July to December 2023, respectively.
- For conflict of interest declarations made by the Board of Directors and key senior management, the GAC reviewed the measures taken to resolve, eliminate or mitigate the conflicts.
- The GAC reviewed the statistics of whistleblowing complaints received through the Group's various whistleblowing channels and the manner in which the complaints were addressed. Results of whistleblowing investigations were monitored every quarter to ensure that independent investigation of the allegations had been conducted and appropriate follow-up action taken.
- The Group's regulatory compliance across prioritised compliance areas was monitored on a quarterly basis by the GAC, through the GCO Report that included the results of self-attestation by Management to known non-compliance incidents and actions taken to resolve them.
- At every quarterly meeting held throughout FY2023, the GAC reviewed the whistleblowing and non-whistleblowing investigation reports issued by Group Fraud & Corruption Risk Management (GFCRM).
- In line with the provisions of the Integrity & Governance Charter, the GAC conducted its annual assessment of the purpose, authority and responsibility of the integrity & governance function ensuring these remained adequate to accomplish the set objectives.

5. Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs)

- In compliance with MFRS 124, the MMLR, Malaysian Companies Act 2016, and the Group's internal guidelines, the GAC reviewed the Group's related party disclosures – namely the RPTs and RRPTs – at all quarterly meetings held in FY2023.
- On 19 February 2024, the GAC approved the Internal Guidelines on Related Party Transactions which provides a comprehensive framework for the purposes of identifying, evaluating, approving, reporting and monitoring RPT and conflict of interest situations.

Governance & Audit Committee Report

6. **Integrated Report**
On 18 April 2024, the GAC reviewed and endorsed the following documents for inclusion in the Group's Integrated Report 2023, for the Board's approval:
(a) The Corporate Governance Report
(b) The Corporate Governance Overview Statement
(c) The Governance & Audit Committee Report
(d) The Statement on Risk Management and Internal Control

7. **Other Matters**
On 15 August 2023, the GAC reviewed and recommended amendments to its TOR to the Board for approval. The amendments, related to the expanded scope of the GAC in managing conflicts of interest, was approved by the Board on 22 August 2023.

On 17 May 2023, the GAC approved revisions to the Open Position Limits for Sime Darby Oils Europe and Sime Darby Oils Trading Private Limited, while revisions to the Value at Risk Limit were approved on 21 November 2023.

The International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (IESBA Code) was revised in April 2021 to include, among others, the requirement for auditors to seek concurrence of organisations' audit committees on the permissibility to provide non-audit services prior to undertaking any non-audit services for the organisation. The GAC had deliberated on the matter and provided its concurrence on 14 February 2023, which also resulted in a revision to the Group Policies & Authorities to incorporate the non-audit services concurrence framework.

As a standing agenda, the following reports are presented to the GAC on a quarterly basis for noting purposes:
(a) Report on hedges and open positions
(b) Appointments of financial advisors for non-audit services
(c) Investment Tracking Report

GROUP INTEGRITY, GOVERNANCE & ASSURANCE

1. **Overview**
The GIGA function comprises GCA and Group Integrity & Governance (GIG[1]). GIGA is an independent function, headed by the CIAO, Suhailah Mohamed Abdulla, which reports directly and functionally to the GAC and administratively to the Group Managing Director. Suhailah is a Certified Fraud Examiner, a Certified Integrity Officer, a Certified Internal Auditor by the Global Institute of Internal Auditors and holds a Certification in Control Self-Assessment conferred by the same Institute. She is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants, and a Chartered Member of the Institute of Internal Auditors. Suhailah has more than 25 years of experience in audit, governance, risk and compliance across a wide range of industries.

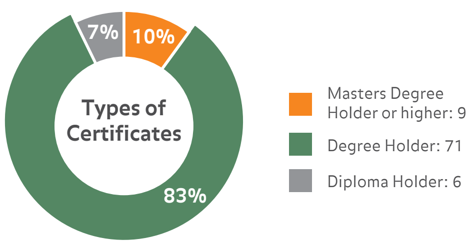
GIGA is manned by 86 personnel as detailed below:

Offices/Regions	Executives	Non-Executives	Total
Malaysia	53*	1	54
Indonesia	27@	0	27
Papua New Guinea	4&	0	4
Europe & Africa	1^	0	1
Total	**85**	**1**	**86**

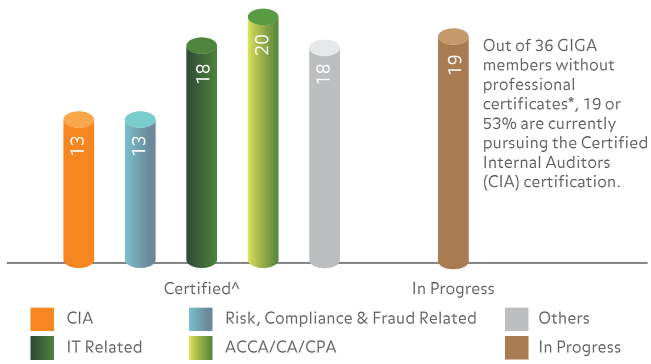
Notes:
**CIAO, 2 Practice Management, 27 GCA, 8 GCO and 15 GFCRM personnel*
@26 GCA and 1 GCO personnel
&4 GCA personnel
^1 GCA personnel

Types of Certificates	With	Without
Degree or Higher	80	–
Diploma	6	–
Professional Certificate – *(including in progress & excluding non-executives)*	49	36

[1] *GIG comprises GCO and GFCRM as its sub-functions.*



GIGA Professional Certificates FY2023



Certified^: One staff may have more than one professional certification.
**: Excluding non-executives.*

2. **Group Corporate Assurance**
GCA's principal responsibility is to undertake regular and systematic reviews for the Group to evaluate and improve the effectiveness of risk management, control and governance processes as defined in the Corporate Assurance Charter.

GCA activities are governed by the Global Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics and the International Professional Practices Framework (IPPF). Periodic internal quality assurance programmes were undertaken by GCA on a bi-annual basis, in addition to the periodic External QAR which was last performed in 2021, to ensure that the assurance activities are performed as per the IPPF. In maintaining independence and objectivity, GCA ensures that its internal auditors are free from any relationship or conflict of interest when performing their duties.

The independent internal audit and advisory services for the Group during FY2023 were conducted by GCA and certain audits were assisted via co-sourcing arrangements with external service providers. In ascertaining adequate internal audit coverage throughout the Group's operations, GCA is supported by Section Heads in Malaysia, Indonesia and Papua New Guinea & Solomon Islands and a Head of GCA IT & Analytics, who all report to the CIAO. GCA IT & Analytics runs an in-house data analytics unit to further optimise the use of analytics throughout the audit lifecycle. Operational costs incurred by GCA for FY2023 amounted to approximately RM13.3 million, which consisted mainly of staff costs and professional fees.

In line with the Group's Strategic Plan, GCA supports the Group by providing assurance within the following key focus areas:

GCA's Key Audit Coverage

- Procurement
- Inventory management
- Project management
- Post investment
- Sales and marketing
- Estate, mill and refinery operations
- CAPEX management
- Logistics management
- Credit management
- Financial controls
- Trading
- Workers management
- Seed production and breeding
- IT general and application controls
- IT project governance & management
- Cybersecurity

Apart from the above assurance coverage, GCA regularly monitors the implementation of recommended action plans by Management to ensure timely resolution of audit findings/issues in addressing risk and control gaps.

3. **Group Integrity & Governance**
GIG oversees the functions of whistleblowing (complaints management), investigations (detection & verification), integrity enhancement, and governance for the Group.

- **Group Compliance**
GCO provides compliance assurance and advisory support to ensure that the Group's operations are conducted in accordance with regulatory requirements, internal policies and procedures, COBC and standards of good business practice. The GCO Framework is based on the ISO 37301:2021 – Compliance Management System. The framework sets out the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving compliance management throughout the Group.

  Details of key activities undertaken by GCO pertaining to policy instruments, COBC, Control Self-Assessment, Anti-Corruption Compliance and Whistleblowing are provided in the Statement on Risk Management and Internal Control on pages 127 to 135.

- **Group Fraud & Corruption Risk Management**
GFCRM detects and responds to fraud and corruption incidents/risks by conducting special reviews and investigations of complaints received through the whistleblowing channel at the request of the GAC and Management. As part of fraud prevention efforts, GFCRM in collaboration with GCO conducts fraud and corruption risk assessments on all business units, supplementing this with the issuance of quarterly newsletters and internal control memos to bolster fraud awareness throughout the organisation. In the conduct of its work, GFCRM is guided by the Group Fraud Control Framework which is mapped against the principles of the Fraud Risk Management Guide 2016 (FRMG) of the Committee of Sponsoring Organization of the Treadway Commission (COSO) and Association of Certified Fraud Examiners (ACFE).

  This Report is made in accordance with the resolution of the Board of Directors dated 23 April 2024.

Nomination & Remuneration Committee Report

"Several changes were made to the Board in 2022 and 2023, introducing greater diversity and experience into the mix. We also actively prioritised capacity building and succession planning, in order to support the Group in the development and execution of our strategic plans."

DATO' HALIPAH ESA
Chairman of the Nomination & Remuneration Committee

COMPOSITION OF THE COMMITTEE

Details of the composition of the Nomination & Remuneration Committee (NRC) and its Members' attendance are provided in the Corporate Governance Overview Statement on pages 103 to 111.

The NRC comprises Non-Executive Directors (NEDs) with a majority being Independent Directors and is chaired by the Senior Independent NED. The composition of the NRC complies with the requirements of both the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance (MCCG) 2021.

Meetings of the NRC are attended by the Group Managing Director (GMD), with other members of Senior Management invited when necessary to support detailed discussions on matters relevant to the agenda.

THE COMMITTEE'S ROLE & FUNCTIONS

The NRC assists the Board in reviewing its size and balance for an appropriate mix of skills, experience, knowledge and responsibilities of Directors. It also oversees Sime Darby Plantation Berhad's (SD Plantation) succession planning, human capital development and the remuneration framework for Directors, Management and employees.

The Committee's Terms of Reference (TOR) was last reviewed on 21 February 2024.

For the detailed TOR of the Committee, refer to the Corporate Governance section on SD Plantation's website at www.simedarbyplantation.com

OUR FOCUS AND ACTION PLANS

In FY2023, the NRC undertook the following key activities:

Nomination Function

Key Activities	Matters Considered	Outcomes
Nomination, appointment and re-election of Directors	Changes to the composition of the Board as part of the Board renewal started in FY2022 and continued into FY2023. This included a succession of the Chairmanship of the Company to Tan Sri Dr Nik Norzrul Thani Nik Hassan Thani following the retirement of Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas on 15 June 2023. The NRC deliberated on appointments and changes to the composition of the Board and Board Committees, including its Major Subsidiary Companies. In recommending the most suitable candidates to the Board, the NRC assessed and considered the overarching fit and proper criteria, as well as the candidates' knowledge, experience and ability to commit their time. It also took into consideration Board diversity in line with the Board Composition Policy.	The Board appointed Mohd Irwan Ahmad Mustafa as a Non-Independent NED and Ahmad Faiz Ahmad Shahrudin as an Alternate Director to Mohd Irwan on 22 August 2023. Mohd Irwan is a Nominee Director of Permodalan Nasional Berhad. Subsequently, the Board appointed Jenifer Thien as an Independent NED on 22 December 2023. The Board utilised a combination of independent sources and recommendations from existing directors and management when identifying Independent NED candidates. On 5 February 2024, Sharifah Sheila Syed Muhamad was appointed a Non-Independent NED. Sharifah Sheila is a Nominee Director of the Employees Provident Fund. *The profiles of Mohd Irwan, Ahmad Faiz, Jenifer Thien and Sharifah Sheila are on pages 98 to 99.* *Further details on the Nomination and Recruitment Process are provided on page 120.* The NRC recommended the re-election of Directors retiring at the 2023 Annual General Meeting (AGM). *Further details on the re-election of Directors are provided on pages 120 to 121.*

Key Activities	Matters Considered	Outcomes
Board & Directors' Effectiveness Evaluation (BDEE)	For FY2023, the NRC reviewed the actions taken based on the results of the BDEE 2022 which included the appointment of consultants to implement intervention plans and coaching. It also assessed the overall composition of the Board and Board Committees at both the SD Plantation and major subsidiary levels.	The BDEE 2022 resulted in a review of the top leadership which led to the creation of the Group Chief Operating Officer (GCOO) position, reducing the duality of roles assumed by top leadership within the Group. The Board engaged Deloitte Business Advisory Sdn Bhd as the independent facilitator to conduct the BDEE 2023. The BDEE 2023 entailed the evaluation of the Board, Board Committees and individual Directors, including Independent Directors, and the review of the term of office and performance of the GAC. The findings of the BDEE 2023, presented to the NRC and Board, included areas of strength and areas to focus on for FY2024. The results of the BDEE 2023 reflected a generally satisfactory performance by the Board and Board Committees. All Directors have responded that they are fit and proper. *Detailed information on the BDEE 2023, including the assessment criteria and findings, are disclosed in Practice 6.1 of the Corporate Governance Report under the Stock and Shareholder Information section on SD Plantation's website at www.simedarbyplantation.com*
Succession Planning	The NRC has recommended the restructuring of L1 (direct reports to GMD) and key management positions based on the Group's current and future needs. With the restructuring, a re-assessment of the L1 successors was conducted to gauge readiness and suitability. Both external and internal assessments were used for the selection of successors. It was also proposed that the position of GCOO be established as a succession to the GMD. Mohd Haris Mohd Arshad, Managing Director, Sime Darby Oils, was appointed as the GCOO effective 1 January 2024.	

Remuneration Function

Key Activities	Matters Considered	Outcomes
Board Remuneration	In FY2023, the NRC commenced a review of the Board Remuneration Framework for the following companies: (i) Sime Darby Oils International Limited (ii) PT Minamas Gemilang & PT Anugerah Sumbermakmur (iii) New Britain Palm Oil Limited (collectively Flagship and Major Subsidiary Companies). The review was assisted by a consultant with the aim of ensuring that the level and composition of the remuneration of the Flagship and Major Subsidiary Companies' Boards are aligned with those companies in similar nature of business and at the ongoing rate for similar roles in the marketplace. The NRC viewed that it was important for the Flagship and Major Subsidiary Companies' Boards to be remunerated competitively based on their roles and responsibilities in order to attract the right talent of high calibre taking into account the performance of the companies, their business direction, aspirations and expectations of future growth. This was also in view of the plan to transition all Major Subsidiary Companies into Flagship Subsidiary Companies.	The review of the Board Remuneration Framework concluded in 2024 with the Board approving a change in remuneration across two phases. The Board will be seeking shareholders' approval on the change in remuneration at the forthcoming AGM. *The proposed changes for shareholders' approval is provided in the Notice of AGM under the Stock and Shareholder Information section on SD Plantation's website at www.simedarbyplantation.com* Recommended the remuneration of NEDs of the SD Plantation Group of Companies. *Detailed disclosure on the remuneration of individual Directors of SD Plantation on a named basis is disclosed in Practice 8.1 of the Corporate Governance Report under the Stock and Shareholder Information section on SD Plantation's website at www.simedarbyplantation.com*

Nomination & Remuneration Committee Report

Key Activities	Matters Considered and Outcomes
GMD Performance Scorecard, Evaluation and Remuneration	Reviewed the performance of the GMD and recommended to the Board, for approval, the salary increment and bonus proposal for the GMD.
Senior Management Remuneration and Renewals	Recommended to the Board, for approval, the salary increment and bonus proposals as well as contract renewals for the Direct Reports to the GMD.

NOMINATION AND RECRUITMENT PROCESS

The NRC drives the recruitment process for new Directors. In considering candidates as potential Directors, the NRC applies and considers the following selection criteria:

- Required skills, knowledge, expertise and experience
- Time commitment, character, professionalism and integrity
- Ability to work cohesively with other members of the Board
- Specialist knowledge or technical skills in line with the Group's strategy
- Diversity in age, gender and experience/background
- Number of directorships in companies outside the Group.

The NRC is also guided by the Directors' Fit and Proper Policy, as set out in the Board Charter, in its review and assessment of candidates that are to be appointed to the Board. All new Directors appointed to the Board have been assessed and the Board is satisfied that they meet the overarching fit and proper criteria.

Overview of the Nomination and Recruitment Process

Nomination

- Candidates are identified through independent sources and/or recommendations based on the selection criteria
- Where relevant, the NRC will seek third-party feedback on identified candidates

Selection

- Candidates are evaluated on the overarching fit and proper criteria as well as potential conflict of interest/conflict of interest situations
- Shortlisted candidates attend engagement session with the NRC
- NRC discusses and recommends shortlisted candidates to the Board

Deliberation and Approval

- The Board deliberates and approves the appointment of the selected candidate(s)

Immersion

- Selected candidate accepts appointment and undergoes the Board Immersion Programme

RE-ELECTION OF DIRECTORS

The NRC reviews and ensures that Directors retire and are re-elected in accordance with the relevant laws and regulations and the Company's Constitution. This includes having satisfactory evaluation of their performance and contributions to the Board.

The NRC has conducted the fit and proper assessment of the Directors proposed for re-election at the forthcoming AGM. The NRC and Board are satisfied that the Directors have met the overarching fit and proper criteria.

The Board recommends the re-election of the following Directors who will be retiring pursuant to Rules 81.2 and 103 of the Company's Constitution at the forthcoming AGM:

Rule 81.2 of the Constitution	Rule 103 of the Constitution
Mohd Irwan Ahmad Mustafa Jenifer Thien Bit Leong Sharifah Sheila Syed Muhamad	Dato' Halipah Esa Datuk Mohd Anwar Yahya

The profiles of the above Directors are in the Board of Directors section on pages 96 and 99.

BOARD COMPOSITION AND DIVERSITY

The Board Composition Policy sets out the Board's aspiration on the desired level of Boardroom diversity to reflect the diverse nature of the Company's operations and support the Company's strategic objectives.

The Board Composition Policy was last reviewed on 21 February 2024 to update, amongst others, the target for women Directors to represent at least 30% of the Board in line with Practice 5.9 of the MCCG 2021.

The Board's progress towards achieving targets set out in the Policy is as shown below:

- **Gender Diversity**
  The Board will comprise at least 30% women Directors. The Board has met its target with 40% women (or four women Directors) representation on the Board based on the current composition.

- **Age Diversity**
  The Board will work towards having a generationally-diverse Board that will create a balance between maturity and experience with an injection of energy and a greater level of flexibility and adaptability to reinvigorate the Company. The age diversity of the Board can be found on page 95.

- **Ethnic Diversity**
  The Board will work towards diversifying the ethnic composition of the Board as and when vacancies arise and suitable candidates are identified. The ethnic diversity of the Board can be found on page 95.

- **Independence of Directors**
  The Board comprises a balanced number of Independent NEDs, with five out of 10 Directors being independent. None of the five Independent NEDs has served on the Board for a cumulative period of nine years.

  The NRC is highly committed to achieving and maintaining a composition where a majority of its Directors are independent. The NRC will source and work on recommending candidates to be nominated as Independent NEDs to the Board for its deliberation and approval.

  The Board is of the view that the Independent Directors have brought independent and objective judgment to the Board's deliberations and decisions.

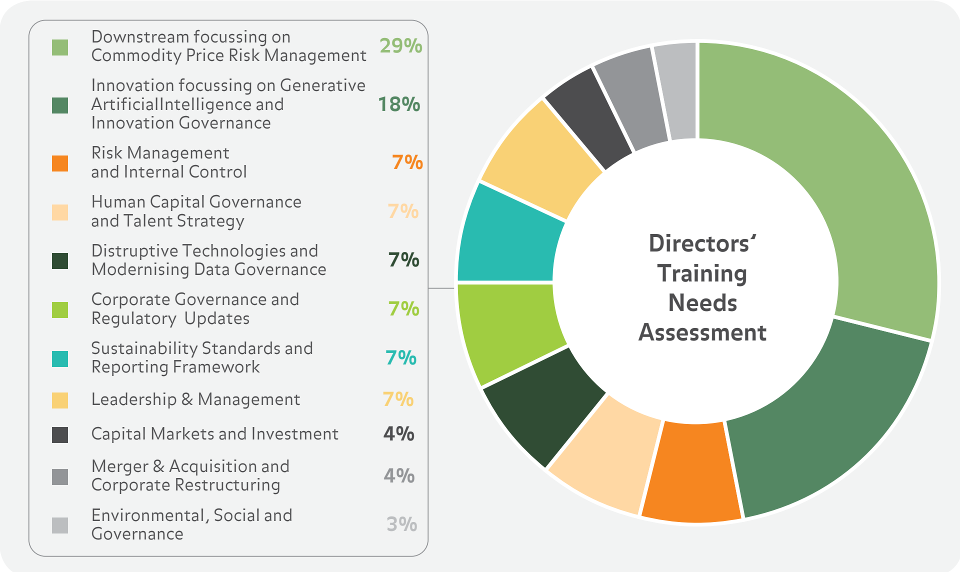
The NRC is responsible for the implementation of the Board Composition Policy and for monitoring progress towards the achievement of the Board's objectives.

Salient features of the Board Composition Policy are available in the Corporate Governance section on SD Plantation's website at www.simedarbyplantation.com

Nomination & Remuneration Committee Report

DIRECTORS' TRAINING NEEDS ASSESSMENT

The Directors' Training Needs Assessment conducted in 2023 sought views from all Directors on the areas of training to focus on in FY2024. The areas of interest identified from the Directors' Training Needs Assessment for FY2024 are as follows:



For more information on the training and continuous education programmes attended by each Director, refer to the profiles of the Board of Directors under Our Leaders section on SD Plantation's website at www.simedarbyplantation.com

The Board will focus on development programmes in the following areas:

(i) Downstream – commodity price risk management
(ii) Innovation – generative artificial intelligence and innovation governance.

Training programmes relating to the other areas of interest above will be monitored continuously and shared

PRIORITIES MOVING FORWARD

The NRC will continue to focus on the following key areas:

(i) **Strengthening Board Independence** – the current Board comprises a balanced number of Independent NEDs, with five out of 10 Directors being independent. The NRC is working on appointing additional Independent NED(s) and maintaining a composition where a majority of its Directors are independent. This will foster greater objectivity in the boardroom.

(ii) **Enhancing Board Effectiveness and Dynamics** – with the changes to the Board in 2022 and 2023, the NRC plays a crucial role in ensuring that all new Directors are well oriented and apprised of the Group's strategic direction, core values as well as current events and projects.

The NRC has been working with an appointed consultant to improve the Board's effectiveness and dynamics. In support of the Chairman's emphasis on board enhancement, the NRC will continue to oversee the newly introduced Board Education Programme, a long-term education plan which aims to develop Board effectiveness and leadership capacity. This includes reframing long-held beliefs and norms about boards to transform the Board into a Global Board.

A comprehensive Board Immersion Programme (BIP) has been designed to provide the Directors with an in-depth understanding and grasp of the businesses across the Company's operations. The BIP will commence in 2024 and includes visits to operations. The BIP will be offered in addition to and complement the existing Board Onboarding Session for new incoming Directors.

(iii) **Strengthening Talent Management** – SD Plantation will continue to strengthen our talent management in FY2024, focussing on addressing talent supply, strengthening talent capabilities, and building a reliable succession pipeline.

(iv) **Employee Experience** – Employee Experience initiatives will be enhanced, eventually leading towards building a unique Employee Value Proposition, and elevating SD Plantation's position as the employer of choice.

(v) **Board Remuneration Framework** – the NRC has been leading the review of the Board Remuneration Framework of the Flagship and Major Subsidiary Companies, which started in 2023 and into 2024. In 2024, the NRC also performed a review of the benefits-in-kind provided to the SD Plantation Board. The NRC will continue to review the Board Remuneration Framework to ensure it remains competitive, appropriate and aligned with current market practices, thus enable the Group to attract and retain the right talents.

Sustainability Committee Report

"The Group has made significant strides over the last year in reinforcing our position as a leader in sustainability. Being the first palm oil company to have our climate targets approved by the Science Based Targets initiative (SBTi) demonstrates the credibility of the work being done. The Sustainability Committee (SC) continues to support Management's efforts in demonstrating leadership."

DATO' HALIPAH ESA
Chairman of the Sustainability Committee

COMPOSITION OF THE COMMITTEE

Details of the composition of the SC and the Directors' attendance are provided in the Corporate Governance Overview Statement on pages 103 to 111.

The Committee was supported by Dr Simon Lord, Sustainability Advisor, in the financial year ended 31 December 2023. Dr Lord assisted the Committee in identifying emerging sustainability trends and their implications to Sime Darby Plantation (SD Plantation or the Group), as well as reviewing and advising the Group on our progress towards meeting our sustainability commitments and stakeholders' expectations.

Dr Lord attended four out of six meetings during the financial year.

THE COMMITTEE'S ROLE AND FUNCTIONS

The SC is committed to ensuring that the Group's operations are in line with our sustainability objectives, namely to contribute to a better society, combat climate change and deliver sustainable development. The review of the Terms of Reference (TOR) of the Committee on 16 February 2023 incorporated mainly, an additional scope of its objectives and functions and duties relating to the Group's sustainability statement/report in line with the Main Market Listing Requirements.

The Committee's detailed TOR is available under the Corporate Governance section on SD Plantation's website at www.simedarbyplantation.com

OUR FOCUS AND ACTION PLANS

The SC deliberated in detail the sustainability performance of SD Plantation's own operations and our global supply chain, as well as the material sustainability issues impacting us throughout the reporting period, the SC received updates on key sustainability initiatives and issues across the Group at each Committee meeting. The SC focussed on the following:

Significant Initiatives/Issues	Matters Considered	Outcomes
Ensuring the Highest Respect for Human Rights within the Organisation	Material matters surrounding human rights, particularly combating forced labour, were deliberated and monitored by the SC. These included: • Monitoring the effectiveness of the newly implemented Responsible Recruitment Procedures. • Monitoring progress of assessments and enhancements around labour practices in other jurisdictions, including Indonesia, Papua New Guinea and Solomon Islands. • Monitoring the effectiveness of grievance mechanisms implemented to give workers a stronger voice within the operations.	Significant initiatives to enhance labour practices have been implemented in Indonesia, Papua New Guinea and Solomon Islands. *Further details on the Group's efforts related to Human Rights can be found on pages 31-34 of the Sustainability Report 2023.*
Responding to Climate Change	The Committee deliberated in detail the Group's strategy and progress in responding to developments around climate change, which included: • Detailed deliberation of the Group's climate strategy and progress in the execution of the Net-Zero Roadmap. • Monitoring progress of key strategies in decarbonising our operations, including progress of the renewables business (such as methane capture and solar projects) and reforestation efforts being implemented across the Group. • Reviewing and deliberating the Group's public disclosures on climate change, ensuring alignment with globally recognised standards and guidelines, including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).	• Achieved SBTi validation for net-zero targets. • As of end FY2023, 16 methane capture plants in operation, with another three currently under development. *Further details of SD Plantation's efforts on climate action and decarbonisation can be found on pages 15-27 of our Sustainability Report 2023.*

Sustainability Committee Report

Significant Initiatives/ Issues	Matters Considered	Outcomes
Enhancing Occupational Safety and Health (OSH) Performance	Safety and health remain a key concern and were deliberated extensively during the SC meetings. This included: • Reviews of all occupational fatality cases across the Group's operations, where attendance of the Operating Unit manager was required to present the outcomes of investigations, as well as corrective and preventative actions implemented. Findings and learnings from each case are shared across all other Operating Units. • Monitoring of the Group's OSH performance indicators and the mitigation actions undertaken by Management to further enhance safety across all operations.	The Group is progressing towards our overall goal of zero harm with ongoing enhancements to OSH practices being implemented on the ground. *Further details of the Group's OSH performance can be found on pages 28-30 of the Sustainability Report 2023.*
Ensuring a Sustainable Supply Chain	The Group's progress in managing supply chain sustainability risks was monitored and deliberated during the SC meetings. Key matters covered included: • Monitoring and reviewing progress of the Group's efforts to improve the transparency and traceability of our global supply chain. • Monitoring and reviewing progress of the Group's efforts to engage with suppliers to improve No Deforestation, Peat and Exploitation (NDPE) compliance. • Monitoring and reviewing progress of the Group's upstream smallholder inclusion programmes.	• The Group's overall supply chain transparency has been increasing, with a 93.2% traceability to mill and 70.9% traceability to plantation in FY2023. • Ongoing efforts are being made to further engage with suppliers and include smallholders in adopting responsible agricultural practices. *Further details of the Group's efforts to manage supply chain sustainability can be found on pages 39-47 of the Sustainability Report.*

PRIORITIES MOVING FORWARD

The Group will continue to demonstrate leadership in sustainability across our operations and global supply chain. Key areas of focus include:

- **Demonstrating credible progress in the implementation of the Net-Zero Roadmap.** With the Group's climate targets validated, clear progress would need to be achieved to meet immediate-term targets. The SC will closely monitor progress of the Renewables business, initiatives related to reforestation and land use transformation, as well as efforts to enhance our supplier engagement.

- **Ensuring sustainability of the enhanced labour practices implemented.** As the improved labour practices are being replicated throughout all territories within the Group, the SC will continue to deliberate and monitor the implementation of these practices in our operations. The SC will also closely monitor the Group's safety and health performance to ensure progress towards the ultimate goal of zero harm.

- **Demonstrating further progress in managing supply chain sustainability risks.** With increased scrutiny around supply chain sustainability, the SC will continue to support Management in deliberating and monitoring efforts to improve supply chain transparency and NDPE compliance across our supply chain. Smallholder Inclusion programmes will be an area of particular interest, with the overall goal of transforming the industry to adopt responsible agricultural practices.

Further details of the Group's performance can be found in the Sustainability Statement on pages 86 to 93.

Board Tender Committee Report

"Sound procurement practices extend beyond securing favourable deals. It necessitates good governance, fairness, transparency and value; and enhances the integrity of our organisation. The Board Tender Committee (BTC) is steadfast in upholding these principles when evaluating, deliberating and approving key tenders, consistent with the Group Procurement Policies and Authorities."

DATO' SRI SHARIFAH SOFIANNY SYED HUSSAIN
Chairman of the Board Tender Committee

COMPOSITION OF THE COMMITTEE

Details of the composition of the BTC and the Directors' attendance are provided in the Corporate Governance Overview Statement on pages 103 to 111.

THE COMMITTEE'S ROLE & FUNCTIONS

The Committee oversees the tender process, ensuring it is carried out in a fair, transparent, effective and comprehensive manner, and in accordance with the principles of the Group Procurement Policies and Authorities (GPPA).

The Committee's detailed Terms of Reference (TOR) is available under the Corporate Governance section on SD Plantation's website at www.simedarbyplantation.com

OUR FOCUS & ACTION PLANS

The BTC undertook the following key activities in the financial year ended 31 December 2023:

- Reviewed the TOR of the BTC following Bursa Malaysia's amendment to its Main Market Listing Requirements' Conflict of Interest (COI), and revision to the Group COI Guidelines.
- Procured alternative materials from various sources to ensure the Group's requirements are met promptly in the face of global supply chain disruptions.
- Standardised specifications, consolidated volume and adopted the most competitive negotiation method to secure the best value for the Group.
- Reviewed and deliberated on the following tenders:
  - the purchase of fertilisers for New Britain Palm Oil Limited and the upstream businesses in Malaysia and Indonesia;
  - the award of 11 main plant packages at Sei Mangkei Special Economic Zone;
  - the supply of natural gas to Sime Darby Oils Zwijndrecht Refinery B.V.;
  - the award to Mizou Holdings Sdn Bhd for the supply and delivery of single chassis tractors to meet the requirements for the rollout of SD Plantation's mechanisation programme; and
  - the award of replanting land preparation contracts for upstream businesses in Malaysia and Indonesia.

PRIORITIES MOVING FORWARD

- The BTC will continue to uphold its commitment to the Group's procurement practices, in all tenders and contracts ensuring transparency, objectivity and fairness. Our aim is to secure the utmost value for the Group while adhering to best practices that recognise the importance of good governance and enhance integrity efforts.
- BTC will ensure that the procurement of all contracts aligns seamlessly with the processes and protocols outlined in the GPPA. Paramount in our considerations is the pursuit of cost optimisation, essential for securing optimal value for SD Plantation.
- Looking ahead, BTC remains resolute in its mission to propel SD Plantation towards sustainable value creation.

Risk Management Committee Report

"The Risk Management Committee (RMC) remains dedicated to ensuring the effective implementation of the Group Risk Management Framework (GRMF). It strives to foster a risk-awareness culture in Sime Darby Plantation Berhad (SD Plantation) so that employees are empowered with the right mindset to practise and promote good risk management while they strive to achieve strategic objectives and capture opportunities."

DATUK MOHD ANWAR YAHYA
Chairman of the Risk Management Committee

COMPOSITION OF THE COMMITTEE

Details on the composition of the RMC and the Directors' attendance are provided in the Corporate Governance Overview Statement on pages 103 to 111.

THE COMMITTEE'S ROLE & FUNCTIONS

The primary objective of the Committee is to assist the Board of Directors in discharging its statutory and fiduciary responsibilities by identifying significant risks and ensuring that the GRMF includes the necessary policies and mechanisms to manage the Group's overall risk exposures. The RMC is also tasked with reviewing the adequacy and effectiveness of the GRMF, to ensure that it continues to support the vision and strategic objectives of the Group whilst safeguarding stakeholders' interests.

The Committee's detailed Terms of Reference is available under the Corporate Governance page on SD Plantation's website at www.simedarbyplantation.com

OUR FOCUS AND ACTION PLANS

During the Financial Year ended 31 December 2023, the RMC undertook the following key activities:

- Monitored principal risks affecting the achievement of the Group's strategies and objectives. This included reviewing strategic risk reports on external and emerging risk outlooks, as well as country risk assessments for territories in which the Group operates; and updates on significant internal risk exposures.
- Reviewed and provided oversight of Group Risk Management's activities, including:
  - Fortnightly key risks perspective newsletters.
  - Deep-dive risk assessments on key risk areas.
  - New investment or divestment risk assessments.
  - Risk assessment and refresher workshops to establish new/updated risk profiles.
  - Project risk review on previously approved investment initiatives
  - Development and testing of Business Continuity Plan for downstream operations and Business Continuity Management refresher awareness sessions.
  - Embedding a risk-aware culture throughout the organisation by sending out a series of risk newsletters to educate employees on active risk management and how it relates to their work and business, as well as the risk management methodology used within SD Plantation.
- Reviewed the Group's cyber security risk and related exposures.
- Reviewed new investments or proposed disposals.
- Reviewed the Group's financial exposure position.
- Reviewed the Group's price risk strategy and trading positions.

Where appropriate, the RMC also leveraged on the work of other Board committees, namely the Sustainability and Nomination & Remuneration Committees, to assist in ensuring robust oversight of particular risk exposures.

PRIORITIES MOVING FORWARD

In the coming year, the RMC will continue to focus on providing oversight of the implementation of the GRMF throughout the Group, while monitoring key risk exposures impacting SD Plantation and the results of mitigating actions taken. These include deep dives into SD Plantation's key risks and follow-up actions, as well as updates and/or the establishment of new risk profiles for the Group's business units globally. The RMC will also oversee the testing of business continuity plans at selected Sime Darby Oils' business units in Malaysia as well as the development of business continuity plans for identified entities overseas.

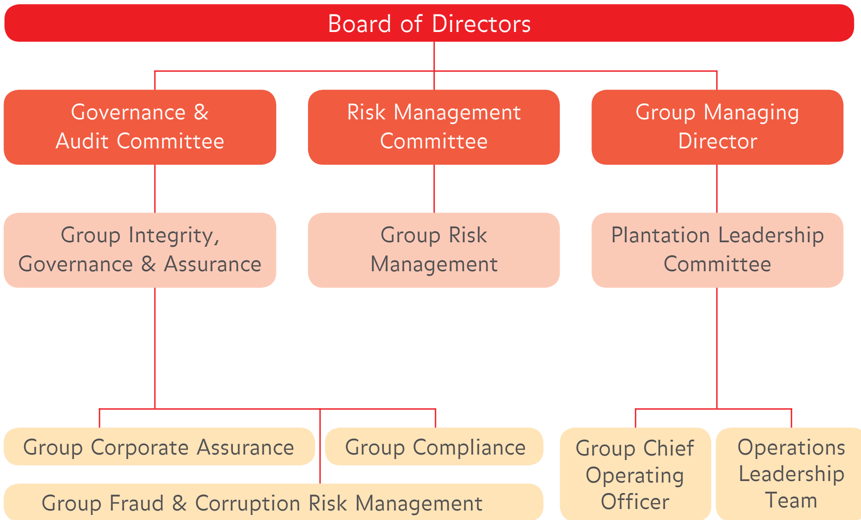
Statement on Risk Management and Internal Control

INTRODUCTION

The Board is pleased to present this Statement on Risk Management and Internal Control, which outlines the state of risk management and internal control within Sime Darby Plantation (SD Plantation) for the financial year under review.

RESPONSIBILITIES AND ACCOUNTABILITIES

SD Plantation's robust governance structure provides a system of checks and balances to ensure accountability and drive better decision-making, while creating long-term sustainable value for our stakeholders. In navigating the challenging business landscape in 2023, SD Plantation's corporate ecosystem of governance, risk management and internal controls has enabled the Group to rise to the challenges effectively and deliver value to our stakeholders within the realm of accountability, transparency, integrity and ethics.

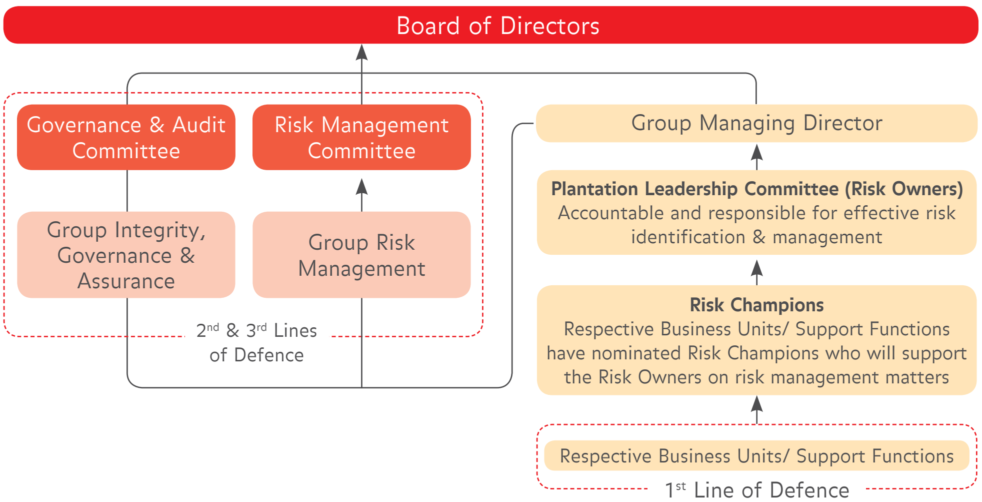


Further details on the components of our governance structure are provided in our Corporate Governance Overview Statement on page 103, Governance & Audit Committee Report on pages 112 to 117 and Risk Management Committee Report on page 126.

RISK MANAGEMENT

Risk Management Governance Structure

Our risk management structure encapsulates the governance arrangements on risk management and assigns responsibility to the relevant levels of Management and operations.



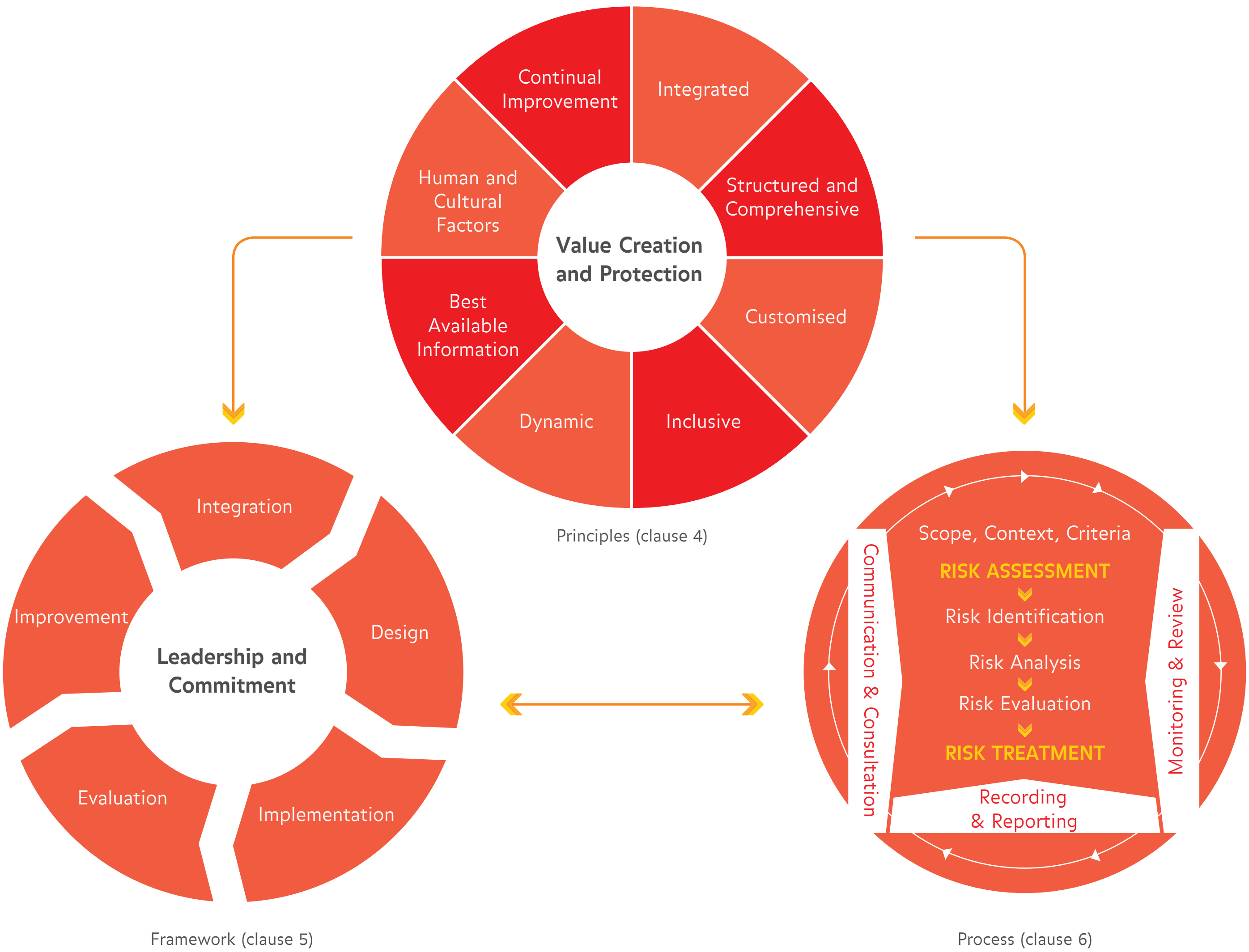
Board of Directors	Responsible for the establishment, oversight and monitoring of the Group Risk Management Framework (GRMF) and reviewing its effectiveness in supporting SD Plantation's vision and strategic objectives while safeguarding shareholders' investments and SD Plantation's assets.
Risk Management Committee (RMC)	Assists the Board in providing the framework and guidance to business units to operate, identify and report on Group-wide risks. The RMC has a broad mandate to ensure the effective implementation of the GRMF and compliance with the framework across the Group. The RMC is also responsible for periodically reporting material risk exposures and the progress and assessment of risk management activities to the Board.
Group Risk Management (GRM)	Responsible for supporting the Board and RMC in overseeing risk management activities including the establishment, updates to and oversight of the GRMF in the Group. GRM integrates risk management into key business processes through a formal risk management process to facilitate effective decision-making while embedding risk awareness into the organisational culture. GRM functions by working in close partnership with business units to provide expertise and support, at the same time monitoring and challenging risk-related matters to achieve organisational objectives. While the identification and management of risks ultimately sit with the risk owners/managers, GRM provides advice and facilitates the process. *For further details on the activities of the RMC and GRM, refer to the RMC Report on page 126.*

Statement on Risk Management and Internal Control

Group Managing Director (GMD) and Plantation Leadership Committee (PLC)	The Board delegates to the GMD the responsibility for ensuring the effective implementation, maintenance and adherence of the GRMF throughout the Group. The PLC assists the GMD in ensuring risk management is adequately carried out, particularly in evaluating and making key strategic and operational decisions. The GMD and PLC are responsible for providing leadership and sponsorship to the business operations in the implementation of the GRMF and utilising risk thinking for key decision-making and strategic planning exercises.
Risk Owners and Risk Champions	Heads of business units/support functions are the designated Risk Owners responsible for all risk management activities within their spheres of operation. Risk Champions assist the Risk Owners in fulfilling their risk management responsibilities and work with GRM on risk management activities. These include ensuring the timely identification/updating of risks, controls, issues and action plans within their own units/projects and escalating risks in their units to their respective heads (Risk Owners) and GRM.

Group Risk Management Framework

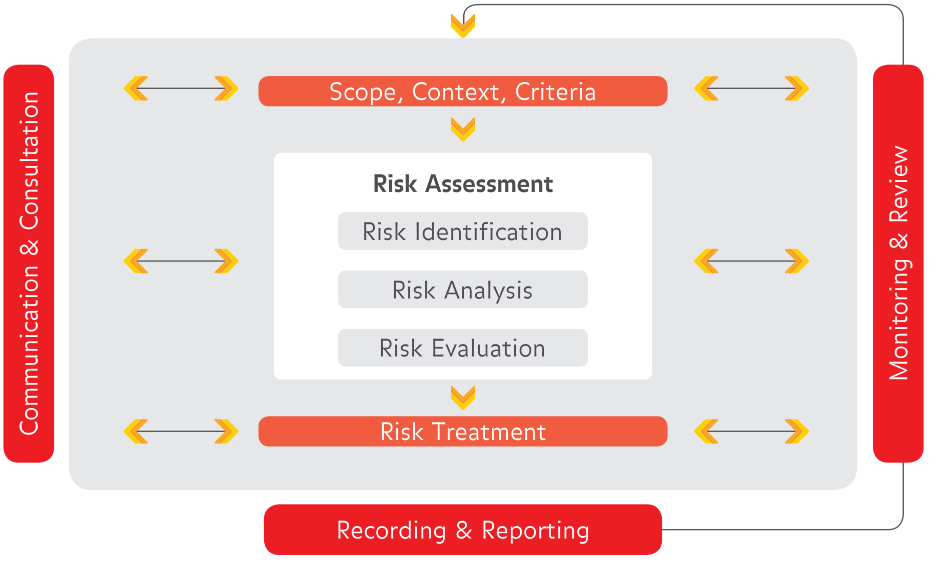
Risk management is part of the organisation's structure, processes, objectives, strategies and activities. Our GRMF promotes three facets of risk management as depicted in the diagram below:



SD Plantation's GRMF is aligned with the ISO 31000:2018 standard on risk management and COSO 2017 Enterprise Risk Management-Integrating with Strategy and Performance. This clearly underscores our commitment towards enterprise risk management in strategic planning and our will to embed risk management throughout the organisation as part of value creation and protection. This is demonstrated in the linking of key enterprise risks to SD Plantation's strategy pillars as shown on page 48.

The primary goal of the GRMF is to identify, evaluate and manage risks that may impede the achievement of the Group's long-term and short-term strategies and objectives. Our approach to risk management is aimed at embedding risk awareness in all decision-making and realising our commitment to managing risks proactively and effectively. This includes identifying and evaluating threats and opportunities early, managing and preventing threats before they materialise, and responding effectively if they do, as well as actively pursuing opportunities to capture value within agreed risk tolerances. Our process for identifying, evaluating and managing material business risks is designed to manage rather than eliminate threats where appropriate, and accepting a degree of risk to generate returns.

The GRMF involves the identification of risk and mitigating measures in both strategy-setting and driving performance. Our integrated approach is two pronged, i.e. a top-down strategic view which is complemented by bottom-up operational risk assessments, while taking cognisance of the external environment in which we operate. These risk assessments are complemented by deep dives in key risk areas, strategic country risk analyses and fortnightly risk outlooks as well as risk assessments for key projects and investments undertaken by the Group. The objective is to proactively anticipate and mitigate risk events while facilitating the understanding and management of risks at various levels of the business. As stated in our GRMF, risk management comprises the following steps:



The role of leaders and their responsibilities are emphasised in the GRMF to ensure that risk management is an essential part of the business. The responsibility for identifying, evaluating and managing risks lies with all employees and business leaders who operate within the Group-wide framework, to manage risks within approved limits, guided by approved risk appetite statements. In pursuit of our strategic objectives, it is imperative to balance the risks with the potential for growth to ensure the rewards are commensurate with the associated risks.

Risk Appetite

Risk appetite refers to the amount of risk that an organisation is prepared to accept in pursuit of its strategic objectives. At SD Plantation, a risk appetite framework has been established to provide guidance on how we conduct business to achieve business objectives within the boundaries of the Group's risk appetite, business ethics and good governance. Consideration of risk and what is an acceptable level of risk is part of the Group's strategy-setting and decision-making process. When the Group decides on our objectives and strategic goals, we also consider the risks involved and our appetite for such risks, as a basis for making those decisions.

Risk Appetite Framework

Provide guidance on how we conduct business to achieve business objectives within the boundaries of the Group's risk appetite, business ethics and good governance.

SD Plantation's approach to risk appetite is explicitly defined via various Board approved/endorsed documents for example:

- Strategy blueprints
- Investment guidelines
- Limits of Authority
- Group Policies & Procedures
- Group Procurement Policies & Procedures
- Risk Parameters (likelihood and impact)
- Code of Business Conduct
- Responsible Agricultural Charter (RAC)
- Human Rights Charter (HRC)
- Responsible Sourcing Guidelines (RSG)
- Responsible Recruitment Procedure (RRP)

Statement on Risk Management and Internal Control

The Group's risk appetite statements have been developed in alignment with the risk appetite framework, and approved by the Board via the RMC. Refer to page 47 for more details on the Group's risk appetite statements.

Risk Reporting

The GRMF provides for consistent review and reporting. On a quarterly basis, formal risk reports are developed and presented to the PLC and RMC. Any potential risks identified are escalated as appropriate, with mitigation actions put in place to manage them. Significant risks affecting the business as well as periodic external and emerging risk outlooks are presented to the RMC. Additionally, due to the evolving nature of risk events in our external environment, a fortnightly newsletter on key external and emerging risks is circulated to the Board and Management.

Group Business Continuity Framework

Our Business Continuity Framework is aligned with the ISO 22301:2019 standard on business continuity management systems. It covers an end-to-end guidance on managing crises with the following main objectives:

- to safeguard life, property, environment and corporate reputation;
- to minimise the loss of assets and revenue, and the impact on customers;
- to continue providing products and services during adverse conditions; and
- to facilitate the timely recovery of critical business functions.

SD Plantation's Business Continuity Framework

Process	Emergency and Crisis Management		Recovery and Restoration Management	
Document	Emergency Preparedness and Response (EPR) Procedures	Crisis Communications Plan (CCP)	Disaster Recovery Plan (DRP)	Business Continuity Plan (BCP)
Nature of Document	Documents procedures to manage potential and actual emergency situations with Environment, Safety and Health implications	Documents procedures to manage communications when a crisis is imminent or has happened	Documents procedures to recover and protect business IT infrastructure to support business operations	Documents procedures to recover and restore business operations to normality
Objective of Document	Safety and health of people are maintained	Communications occur effectively	IT applications/ data protected	People relocation and resume operation effectively

The Group is committed to safeguarding the interests of all stakeholders in times of disaster and/or emergency. This entails the implementation of business continuity processes in ensuring the Group can continue to operate with minimal impact on stakeholders in the event of a crisis or disruption.

INTERNAL CONTROL FRAMEWORK

At SD Plantation, the following key controls are implemented to assist the Board in maintaining a sound system of internal controls within the Group.

Policy Instruments

Our policy instruments refer to the following policies, procedures and guidelines which serve as the backbone for achieving best practices and streamlining internal processes.

Board Charter	Sets out the Board's strategic intent and outlines the Board's roles and powers which it reserves for itself, and those which it delegates to the Management.
Terms of Reference of the respective Board Committee	Set the tone of the various Board Committees on their purpose, scope, responsibility and accountability.
Group Policies & Authorities (GPAs)	Define the lines of responsibility, accountability and authority limits, and represent a formal delegation of the Board's powers and functions to the Management. The GPAs are designed to empower Management to achieve business objectives within the boundaries of business ethics and governance, and cover functional policies, ethics and conduct, protection of Group assets, key processes and limits of authority.
Policies, procedures and guidelines	Support the achievement of the principles stipulated in the GPAs, all of which are mandatory for Directors and employees of the Group.

All policy instruments are reviewed and revised, as appropriate, on a periodic basis to ensure relevance to the current operating environment and to reflect the intended practices. To enhance employees' understanding and awareness of their obligations within the Group's governance framework, these policy instruments are accessible on the Group intranet and socialised via online briefings and announcements in infographics.

Code of Business Conduct

Our Code of Business Conduct (COBC) is made available in all key languages in the jurisdictions within which the Group operates and continues to guide our employees on the standards of behaviour expected of them in upholding the Group's Core Values of Integrity, Respect & Responsibility, Enterprise and Excellence.

Integrity | Respect & Responsibility | Enterprise | Excellence

The COBC is accessible on the Group's corporate website and intranet and our understanding among employees is enforced via a combination of physical and online briefings as well as collaterals, quizzes, surveys and infographics. All Directors and employees are required to sign an attestation to acknowledge compliance with the COBC and their understanding of the rules, principles and policies that are outlined in the COBC.

Business Planning and Reporting

Our annual business planning process entails a review of the Group's strategy and the presentation of our findings, outcomes and new proposals to the Management and Board on a periodic basis. In addition, the Group Strategy Blueprint, which is reviewed every five years, charts SD Plantation's business direction, objectives, strategies, action plans and the corresponding Group Budget. Both the Group Strategy Blueprint and the Group Budget are subjected to rigorous deliberation by key stakeholders prior to approval by the Board. Performance is monitored on a periodic basis by the Board and Management, and corrective actions are taken to address deviation from plans.

Human Capital

Performance Management

In realising SD Plantation's vision of becoming a leading organisation, the Group's Performance Management Framework drives employee motivation by identifying and rewarding top performers and improving the objectivity of performance evaluation. The resulting KPIs are aligned across businesses, functions and levels as the Group strives towards a shared goal of driving business objectives, while strongly upholding core governance principles.

People Development

For further details on the people development activities of the Group, refer to the Sustainability Report on page 34.

Statement on Risk Management and Internal Control

Compliance

Internal Audit

Our internal audits provide independent, objective and risk-based assurance and consulting services designed to add value and improve the Group's operations by assessing whether risk management, control and governance processes are designed and implemented sustainably and effectively. Where control limitations are noted, corrective actions are proposed for Management's consideration and thereafter monitored for implementation. The implementation of data analytics and continuous control monitoring harness the potential of real-time auditing towards improving the control environment.

Control Self-Assessment

Our Control Self-Assessment (CSA) process accords line Management with full responsibility and accountability over effective risk management and controls implementation within their operations, and subsequently provides the avenue to deliberate and agree on control enhancements.

Fraud & Corruption Risk Management

Our Fraud & Corruption Risk Management function detects and responds to fraud and corruption incidents or risks by conducting special and investigative reviews at the request of the Governance & Audit Committee or the Management. It also acts upon complaints formally received through the whistleblowing and grievance channels, as well as any red flag which is identified through other forms of review. The implementation of fraud and corruption risk assessment, as well as fraud and corruption detection strategies help to minimise the incidence of fraud and corruption within the Group.

Anti-Corruption

SD Plantation first obtained the ISO 37001:2016 Anti-Bribery Management System certification in October 2020 as a testament to our unwavering commitment to combat corruption. The subsequent recertification in September 2023, marked by the absence of any non-conformance reports, underscores our steadfast dedication to anti-corruption efforts. To complement our ISO 37001:2016 Anti-Bribery Management System certification, SD Plantation has also satisfied the requirements of the Corporate Integrity System Malaysia (CISM) Framework for private companies in Malaysia.

Key principles from both the ISO 37001:2016 Anti-Bribery Management System and CISM Framework are encapsulated within our Anti-Corruption Compliance Framework which takes cognisance of the Group's global operating footprint. Where applicable, these requirements are extended to our counterparties and business partners in ensuring that anti-corruption and bribery initiatives are applied throughout our supply chain to promote a corruption-free business environment. The Group's firm commitment to combatting corruption is made known publicly via the Anti-Corruption Policy Statement on the corporate website.

Conflict of Interest

The Group Conflict of Interest Guidelines sets out the procedures to manage conflicts of interest relating to Directors and employees, thus ensuring that all business decisions are made in the best interests of the Group and in compliance with relevant laws and regulations.

Whistleblowing

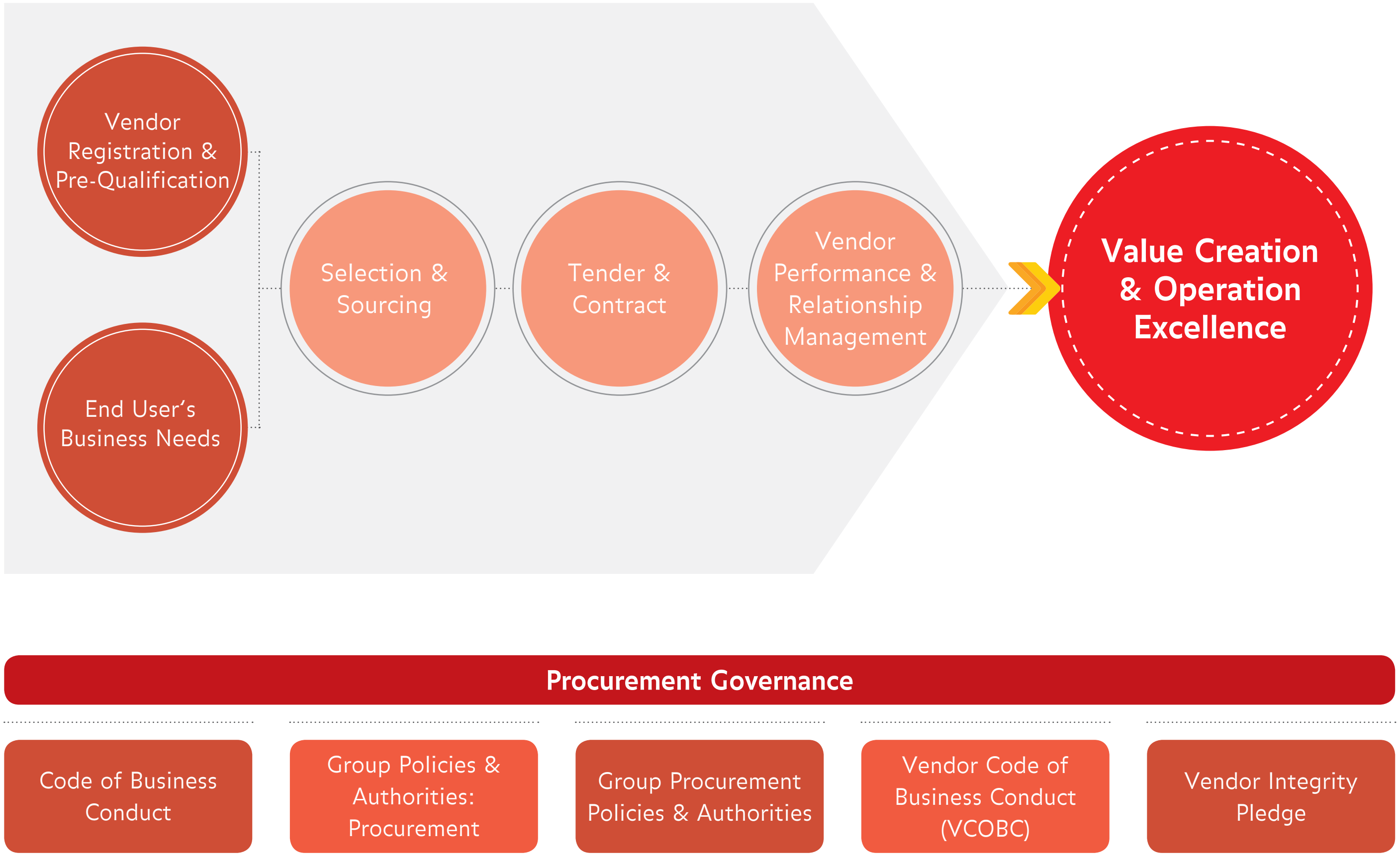
SD Plantation's whistleblowing process embodies the Group's commitment to maintaining an open and supportive working environment in which stakeholders are able to report instances of wrongdoing on the part of any of our Directors, Management, employees and/or vendors confidentially, without fear of retaliation. All reports made in good faith are investigated, regardless of the length of service, position/title, relationship or connection of the alleged parties with the Group. The whistleblowing complaints can be lodged via various channels (website, e-mail, telephone, WhatsApp, postal service) throughout our global operations, and are managed via an independent function to ensure the transparency and confidentiality of the process.

The whistleblowing channels complements an established third-party grievance channel for workers to report issues ranging from their working conditions, recruitment and safety to other issues in line with our Human Rights Charter.

For further details on our grievance channels, refer to the Sustainability Report on page 32.

Vendor Management

Robust procurement governance plays a pivotal role in SD Plantation's pursuit of operational excellence. This is achieved by adhering to the Group's procurement principles and established policies and procedures. SD Plantation extends this commitment by collaborating with vendors. This ensures the alignment of the Group's values and principles across all facets of our business operations, as illustrated in the procurement governance landscape below:



SD Plantation's Vendor Code of Business Conduct (VCOBC) outlines standards for vendor behaviour in areas such as labour and human rights, sustainability, health, safety, environment, ethics and management practices. Vendors seeking to do business with the Group are required to sign the Vendor Integrity Pledge, affirming compliance with the VCOBC, laws and regulations, and a commitment against bribery, corruption and fraud. A registration and pre-qualification process is mandatory to be listed on the Group's Vendor List, with additional evaluations assessing technical capabilities. Ongoing performance assessments ensure vendors meet the Group's business needs.

Communication and Reporting

Relevant policies and procedures on stakeholder engagement ensure that we proactively engage and effectively manage the dissemination of information to key stakeholders of the Group. Disclosures, which include quarterly and annual financial statements, announcements made to Bursa Malaysia Securities Berhad (Bursa Securities) and corporate presentations, are made in accordance with regulatory requirements and are published on our website in a timely manner.

Statement on Risk Management and Internal Control

Technology

Information Systems
Our Enterprise Resource Planning (ERP) system enables transactions to be captured, compiled, analysed and reported in a timely and accurate manner. This is in line with the need to maintain a secure, effective and reliable IT environment to support the Group's business operations. In this regard, information systems in the Group are automated and provide Management with data, analysis, variations, exceptions and other inputs relevant to the Group's performance.

The information system platform in the Group also operates based on a set of IT policies and procedures intended to protect the usage of the Group's information and resources. These include IT governance and authority, information security policies, identity and access management standards, project management framework, service management, and guidelines on the usage of computer facilities.

Cybersecurity
The Group maintains our cybersecurity hygiene by managing cybersecurity risks to safeguard data privacy and cyber threat prevention. Key activities include:

- implementing enterprise cybersecurity technologies, tools and processes throughout the Group to mitigate the impact of external and internal cyber threats;
- conducting periodic reviews, updates and assessments of policies and procedures to ensure these remain current with the evolving cybersecurity landscape and threats; and
- ensuring employees receive cybersecurity education via periodic training, newsletters, surveys and security alerts, as well as participation in cybersecurity campaigns, tests and initiatives.

Digital Transformation
SD Plantation remains committed to digitalisation and automation as these are key to increasing operational efficiency and improving productivity, and to our Group's transformation into a digitally-ready future-focussed company. The Group is making steady progress with accelerating our mechanisation initiatives and introducing robotics in our upstream operations as we look to increase productivity and reduce our dependence on manual and foreign labour. Digital efforts to improve the customer experience and increase efficiencies in our refining operations also continue through process improvements and automation. The Group is making significant efforts to strengthen our enterprise systems and build a digital culture to further boost this transformation. It is imperative that we prepare our employees for a digital future, hence we have doubled our efforts to upskill our talent on data analytics and AI through the creation of our own internal Digital Academy. Such efforts are meant to evolve in tandem with technology and will keep our Group apace with changes and opportunities that arise in our operating environment.

For further details on our digital initiatives, refer to the Business Review Section on pages 68 to 85.

Sustainability

Our sustainability purpose is to contribute to a better society, minimise environmental harm and deliver sustainable development. All our efforts around sustainability are guided by the United Nations Sustainable Development Goals (UN SDGs). All employees are accountable for ensuring that responsible and ethical practices are adopted in our operational and decision-making processes.

Our sustainability purpose also aims to address a wide range of stakeholder expectations and concerns over issues including climate change, conservation and biodiversity, human rights and labour practices, responsible sourcing, safety & health and smallholder inclusion in our supply chain.

Responsible Agriculture
Our Responsible Agriculture Charter articulates our commitment to no-deforestation, no-new development on peat, and no-exploitation of the rights of indigenous peoples, workers and local communities.

Human Rights
Our Human Rights Charter articulates our responsibility to respect, support and uphold fundamental human rights as expressed in various documents, including the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. This also includes our commitment to providing a safe and healthy working environment for workers in all our operations.

Supply Chain Sustainability
Our Responsible Sourcing Guideline extends our sustainability commitments throughout our supply chain. We are also guided

by our policy statement on Working with Our Suppliers to Draw the Line on Deforestation, which articulates our approach to engaging with our suppliers to meet the No Deforestation, No Peat and No Exploitation (NDPE) standards.

For further details on our sustainability practices, refer to the Sustainability Statement on pages 86 to 93.

Material Joint Ventures and Associates

The disclosures in this statement exclude the risk management and internal control practices of the Group's joint ventures and associates. The Group's interests in these entities are safeguarded through the appointment of members of the Group's Senior Management team to the relevant boards of directors and, in certain cases, the management or operational committees of these entities.

Review of the Statement by the External Auditors

As per Paragraph 15.23 of the Main Market Listing Requirements (MMLR) of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control (SORMIC). Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide (AAPG) 3 (Revised: November 2022) issued by the Malaysian Institute of Accountants. The AAPG 3 (Revised) does not require the external auditors to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board of Directors and the Management thereon.

Conclusion

For the financial year under review and up to the date of approval of this statement, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard shareholders' investments and the Group's assets.

The Board has received reasonable assurance from the GMD and the Chief Financial Officer that the Group's risk management and internal control systems, in all material aspects, are operating adequately and effectively. This statement is made in compliance with Paragraph 15.26(b) of the MMLR of Bursa Securities and Principle B of the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia, and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

This statement is made in accordance with a resolution of the Board dated 23 April 2024.

Statement of Responsibility by the Board of Directors

The Directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Sime Darby Plantation Berhad Group. As required by the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 31 December 2023, as presented on pages 138 to 267, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

The Directors consider that in preparing the financial statements, the Group and the Company have used the appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates. The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows for the financial year.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and the Company to enable the Directors to ensure that the financial statements comply with the Companies Act 2016. The Directors have the general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 23 April 2024.

BOARD APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements for the financial year ended 31 December 2023 are set out on pages 138 to 267. The preparation thereof was supervised by the Chief Financial Officer and approved by the Board of Directors on 23 April 2024.

Additional Compliance Information

Information pertaining to Sime Darby Plantation Berhad (the Company) and the Group for the financial year under review is as follows:

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

No proceeds were raised from corporate proposals during the financial year ended 31 December 2023.

AUDIT AND NON-AUDIT FEES

(i) The amount of audit fees paid or payable to the external auditors, Messrs PricewaterhouseCoopers PLT (PwC), and their affiliated companies for services rendered to the Group for the financial year ended 31 December 2023 totalled RM14 million. The amount paid or payable to PwC for services rendered to the Company totalled RM2 million.

(ii) The amount of non-audit fees paid or payable to the external auditors, PwC, and their affiliated companies for services rendered to the Group and the Company for the financial year ended 31 December 2023 amounted to RM3 million and RM1 million, respectively.

MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

No material contracts were entered into by the Company or our subsidiaries involving interests of Directors and/or major shareholders during the financial year ended 31 December 2023.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Group has established appropriate procedures to ensure that all Related Party Transactions (RPTs) and recurrent RPTs are tracked and recorded in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Reports on RPTs and recurrent RPTs are submitted to the Governance & Audit Committee on a quarterly basis for monitoring purposes.

The Company did not seek the approval of our shareholders on any mandate for our recurrent RPTs during the financial year ended 31 December 2023.

Directors' Report

For the financial year ended 31 December 2023

The Directors have pleasure in presenting the Directors' Report ("Report") together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and marketing of specialty fats and edible oils, rubber, and other palm oil related products and investment holding.

The principal activities of the Group consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and blending, marketing and distribution of specialty fats, edible oils, rubber, coconut oil and other palm oil related products, production and sales of sugar and beef, and the involvement in other agriculture related business as disclosed in Note 48 to the financial statements.

There was no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit before tax	2,752,455	2,156,049
Tax expense	(719,076)	(194,227)
Profit for the financial year	2,033,379	1,961,822
Profit for the financial year attributable to:		
– equity holders of the Company	1,860,040	1,837,522
– Perpetual Sukuk holders	124,300	124,300
– non-controlling interests	49,039	–
	2,033,379	1,961,822

DIVIDENDS

Since the end of the previous financial year, the Company has paid the following dividends:

	RM'000
In respect of financial year ended 31 December 2022:	
– Final dividend of 6.04 sen per share, paid in cash on 15 May 2023	417,709
In respect of financial year ended 31 December 2023:	
– Interim dividend of 3.25 sen per share, paid in cash on 17 November 2023	224,761
– Special dividend of 5.70 sen per share, declared on 27 October 2023, and paid in cash on 24 January 2024	394,196
	1,036,666

A final dividend of 6.05 sen per ordinary share, amounting to RM418.4 million in respect of the financial year ended 31 December 2023 has been declared on 22 February 2024 and will be paid on 20 May 2024. The entitlement date for the dividend payment is 6 May 2024.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

SHARE CAPITAL, PERPETUAL SUKUK AND DEBENTURES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this Report are:

Tan Sri Dr Nik Norzrul Thani Nik Hassan Thani	
Datuk Mohamad Helmy Othman Basha	
Dato' Halipah Esa	
Dato' Mohd Nizam Zainordin	
Datuk Mohd Anwar Yahya	
Dato' Idris Kechot	
Dato' Sri Sharifah Sofianny Syed Hussain	
Mohd Irwan Ahmad Mustafa @ Mustafa	(Appointed on 23 August 2023)
Jenifer Thien Bit Leong	(Appointed on 22 December 2023)
Sharifah Sheila Syed Muhamad	(Appointed on 5 February 2024)
Ahmad Faiz Ahmad Shahrudin *(Alternate Director to Mohd Irwan Ahmad Mustafa @ Mustafa)*	(Appointed on 23 August 2023)
Tunku Alizakri Raja Muhammad Alias	(Resigned on 16 February 2023)
Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas	(Retired on 15 June 2023)
Tan Ting Min	(Resigned on 15 June 2023)
Datuk Seri Amir Hamzah Azizan	(Appointed on 17 February 2023 and resigned on 12 December 2023)

DIRECTORS' REMUNERATION

Total Directors' remuneration incurred by the Group and the Company for the financial year ended 31 December 2023 were RM10.4 million (2022: RM13.3 million) and RM9.9 million (2022: RM12.8 million) respectively. Further details are disclosed in Note 11 to the financial statements.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, as disclosed in Directors' Interests in Shares.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 11 to the financial statements.

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total insurance premium paid for the financial year amounted to RM0.4 million.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, no Director in office at the end of the financial year has any interest in shares in, or debentures of, the Company or its related corporations during the financial year.

Directors' Report
For the financial year ended 31 December 2023

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the financial statements of the Group and of the Company were prepared, 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 impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and

(ii) to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values of current assets as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected to realise.

(b) At the date of this Report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) As at the date of this Report:

(i) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial year to secure the liability of any other person; and

(ii) there are no contingent liabilities in the Group or in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.

(d) At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt within the Report or financial statements which would render any amount stated in the financial statements misleading.

(e) In the opinion of the Directors:

(i) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transactions or events of a material and unusual nature;

(ii) 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(iii) 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.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this Report is as follows (excluding Directors who are also Directors of the Company):

Abdul Jalil Sulaiman
Achmad Sudarsono
Adi Wira Abd Razak
Adrian Mohd Fazrin Bin Mohd Fairoz
Agus Dani Ariyanto
Ainor Khaliq Anuarudin
Alagendran Maniam
Amir Hamzah
Ary Tri Prasetyo
Asanee Mallamphut
Azmi Jaafar
Bambang Purwono
Budi Darmono
Budy Suyanto
Burhan Chahyadi
Chen Kim Yin @ Chen Chou Foong
Chim Foong May
Dali Kumar Sardar
Dato' Philip Tan Puay Koon
Datuk Franki Anthony Dass
Datuk Haji Abang Abdul Wahap Haji Abang Julai (Alternate Director to Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Dato Haji Husain)
Datuk Mohamad Nageeb Ahmad Abdul Wahab
David Manoa Toua
Denny Wicaksana
Dr David Ross Appleton
Dr Hirzun Mohd Yusof
Dr K. Harikrishna Dr K. Kulaveerasingam
Dr Shariman Alwani Mohamed Nordin
Drs. Jakob Tobing MPA
Edi Febriyanto
Edy Suparno
Eliam Tangirongo
Ernie Gangloff
Ery Revlisa
Farid
Fazli Salikin
Gajani Nayagi Seeveneserajah
Ganesan R. Ampalavanar
Godfrey Shiletikwa Urasa
Hanif Siraf
Hersoebeno Brotowinoto
Imran Ramli
Indro Respati
Ir Mohd Yusrizal Mohd Yusof
Ir Safwani
Jonathan Pennefather
Khaizarudin Awaludin
Khusboo Beeharry
Lakon Anak Igey
Law Pei Yee
Lee Ai Leng
Lee Chong Yee
Lim Ban Yeow
Lisnawati Ibrahim
Loi Martin Bakani
Marie-Claude Priscille Koenig
Martine Cundasawmy
Mazrina Ahmad Zahidi (Alternate Director to Chen Kim Yin @ Chen Chou Foong)
Mersal Abang Rosli
Michael Barkhuysen
Michelle Chang Yuet Ling
Mitsuyoshi Okita (Alternate Director to Shogo Yoshida)
Mohamad Fauzi Maulana Ichsan
Mohamed Abd Samad
Mohammad Japri Giman
Mohd Amri Baharuddin
Mohd Azlan Shah Mohd Zin
Mohd Hafiz Hamzah
Mohd Hamdi Abd Karim
Mohd Haris Mohd Arshad
Mohd Haziq Jamaludin
Mohd Razlan Mohd Rahim
Mohd Zamri Pardi
Muhammad Farid Abdullah
Muhammad Hakim See Abdullah
Muhammad Nizar Arshad
Muhammad Nuryadi
Muhammud Nurazli Razali
Ng Say Guat
Nik Abdul Hamid Shukri Nik Abdullah
Nik Maziah Nik Mustapha
Nono Suharsono
Noor Azam Bin Mohd Nasir
Noor Haizal Noordin
Nuchanand Sukmongkol
Nurain Zarrataj Zulkiffli
Nurwanto
Philip KO Kunjappy
R Krishna Moorthy Ramasamy
Raphael Yuen Kong Yian
Rashyid Redza Anwarudin
Razlanshah Abd Malek
Renaka Ramachandran
Robert Anak Tugang
Robert Nilkare
Roslin Azmy Hassan
Rozli Alwi
Ruari MacWilliam
Sallim Abdul Kadir
Sandeep Bhan
Shah Nizam Yasin Shah
Shahrakbah Yacob
Shahrizal Suhainy
Shahrizan Aini Shamsul Khalil
Shashi Kumar Rajan
Shogo Yoshida
Sri Marlina Md Ison
Suparmadi
Supasak Chirasavinuprapand
Syed Said Syed Saggaf
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Dato Haji Husain
Tan Sri Datuk Dr Yusof Basiran
Tang Men Kon
Vavan Safwan Isman
Wan Fauzan Shah Wan Ismail
Winardi Nooryanto
Yogesh Kotak
Yustinus Lambang Setyo Putro
Zulkifli Nasution
Zulkifli Zainal Abidin

Directors' Report
For the financial year ended 31 December 2023

SUBSIDIARIES

Details of subsidiaries of the Company are set out in Note 48 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

AUDITORS

Total fees for statutory audits provided by the Company's auditors and its member firms are RM13.7 million (2022: RM13.0 million), while total fees for assurance related and non-audit services are RM3.5 million (2022: RM4.1 million). Non-audit services provided by the Company's auditors and its member firms comprised tax related services and other advisory services.

Further details of auditors' remuneration are set out in Note 6 to the financial statements.

The Group and the Company do not indemnify the auditors of the Company for losses in the event of legal actions brought against the auditors for alleged wrongful acts by the auditors.

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This Report was approved by the Board of Directors on 23 April 2024.

TAN SRI DR NIK NORZRUL THANI NIK HASSAN THANI
DIRECTOR

DATUK MOHAMAD HELMY OTHMAN BASHA
DIRECTOR

Selangor
23 April 2024

Statements of Profit or Loss

For the financial year ended 31 December 2023

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Revenue	5	**18,427,883**	21,029,690	**4,709,591**	5,483,728
Operating expenses	6	**(16,819,094)**	(18,346,328)	**(3,007,932)**	(4,780,650)
Other operating income	7	**1,391,658**	838,433	**913,718**	386,246
Other gains and losses	8	**(113,028)**	41,138	**(170,624)**	(212,363)
Operating profit		**2,887,419**	3,562,933	**2,444,753**	876,961
Share of results of joint ventures	20(a)	**39,239**	37,116	**–**	–
Share of results of associates	21(a)	**645**	14,547	**–**	–
Profit before interest and tax		**2,927,303**	3,614,596	**2,444,753**	876,961
Finance income	9	**22,696**	12,303	**32,207**	16,267
Finance costs	10	**(197,544)**	(134,699)	**(320,911)**	(139,420)
Profit before tax		**2,752,455**	3,492,200	**2,156,049**	753,808
Tax expense	12	**(719,076)**	(808,930)	**(194,227)**	(97,284)
Profit for the financial year		**2,033,379**	2,683,270	**1,961,822**	656,524
Profit for the financial year attributable to:					
– equity holders of the Company		**1,860,040**	2,488,075	**1,837,522**	532,224
– Perpetual Sukuk holders	34	**124,300**	124,300	**124,300**	124,300
– non-controlling interests	35	**49,039**	70,895	**–**	–
		2,033,379	2,683,270	**1,961,822**	656,524
		sen	sen		
Basic/diluted earnings per share attributable to equity holders of the Company	13	**26.90**	35.98		

Statements of Comprehensive Income

For the financial year ended 31 December 2023

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Profit for the financial year		**2,033,379**	2,683,270	**1,961,822**	656,524
Items that will be reclassified subsequently to profit or loss:					
Currency translation differences gains:					
– subsidiaries		**571,529**	55,552	**–**	–
– joint ventures and associates		**15,939**	4,395	**–**	–
Cash flow hedge					
– changes in fair value		**97,896**	20,593	**–**	1,726
– transfers (to)/from profit or loss		**(98,333)**	163,620	**–**	(2,164)
Tax (expense)/credit relating to components of other comprehensive income		**(23)**	(48,525)	**–**	378
		587,008	195,635	**–**	(60)
Items that will not be reclassified subsequently to profit or loss:					
Actuarial (losses)/gains on defined benefit plans	36	**(13,883)**	18,292	**896**	–
Investment at fair value through other comprehensive income ("FVOCI")					
– changes in fair value	23	**617**	(7,143)	**629**	(3,733)
Share of other comprehensive (losses)/income of joint ventures	20(a)	**(4,447)**	23,962	**–**	–
Tax credit/(expense) relating to components of other comprehensive income		**2,391**	(3,165)	**(215)**	–
		(15,322)	31,946	**1,310**	(3,733)
Total other comprehensive income/(loss) for the financial year		**571,686**	227,581	**1,310**	(3,793)
Total comprehensive income for the financial year		**2,605,065**	2,910,851	**1,963,132**	652,731
Total comprehensive income for the financial year attributable to:					
– equity holders of the Company		**2,411,993**	2,726,843	**1,838,832**	528,431
– Perpetual Sukuk holders		**124,300**	124,300	**124,300**	124,300
– non-controlling interests		**68,772**	59,708	**–**	–
		2,605,065	2,910,851	**1,963,132**	652,731

Statements of Financial Position

As at 31 December 2023

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	**19,145,330**	17,800,431	**8,002,340**	7,782,019
Investment properties	16	**8,059**	11,387	**–**	–
Right-of-use assets	18	**2,060,470**	2,007,677	**219,057**	227,263
Subsidiaries	19	**–**	–	**8,444,192**	8,444,621
Joint ventures	20	**415,776**	368,085	**285,061**	285,061
Associates	21	**51,852**	57,044	**420**	420
Intangible assets	22	**3,054,722**	2,946,591	**2,080,567**	2,066,618
Investments at fair value through other comprehensive income ("FVOCI")	23	**23,113**	22,496	**22,966**	22,337
Deferred tax assets	24	**442,922**	495,945	**–**	–
Tax recoverable	25	**251,204**	164,244	**–**	–
Trade and other receivables	26	**58,224**	34,644	**–**	–
Amounts due from subsidiaries	28	**–**	–	**123,178**	508,398
		25,511,672	23,908,544	**19,177,781**	19,336,737
CURRENT ASSETS					
Inventories	27	**2,663,918**	2,778,379	**76,378**	85,688
Biological assets	17	**175,261**	180,278	**24,810**	14,039
Trade and other receivables	26	**2,207,514**	2,602,639	**104,049**	135,982
Tax recoverable	25	**298,085**	234,967	**96,925**	75,080
Amounts due from subsidiaries	28	**–**	–	**996,184**	562,481
Amounts due from related parties	28	**124**	424	**79**	320
Derivatives	29	**33,639**	156,898	**–**	–
Bank balances, deposits and cash	30	**830,382**	634,993	**100,700**	105,772
		6,208,923	6,588,578	**1,399,125**	979,362
Non-current assets held for sale	31	**165,859**	651,004	**32,599**	19,583
TOTAL ASSETS		**31,886,454**	31,148,126	**20,609,505**	20,335,682

Statements of Financial Position
As at 31 December 2023

		GROUP		COMPANY	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY					
Share capital	32	**1,633,790**	1,633,790	**1,633,790**	1,633,790
Reserves	33	**16,108,766**	14,733,439	**8,980,896**	8,178,730
Attributable to equity holders of the Company		**17,742,556**	16,367,229	**10,614,686**	9,812,520
Perpetual Sukuk	34	**2,231,058**	2,230,717	**2,231,058**	2,230,717
Non-controlling interests	35	**432,799**	418,068	**–**	–
TOTAL EQUITY		**20,406,413**	19,016,014	**12,845,744**	12,043,237
NON-CURRENT LIABILITIES					
Retirement benefits	36	**190,715**	157,773	**48,929**	50,629
Deferred income	38	**427**	490	**–**	–
Deferred tax liabilities	24	**2,653,814**	2,737,983	**688,013**	691,659
Borrowings	37	**3,581,686**	3,632,687	**3,058,770**	3,137,395
Lease liabilities		**193,967**	147,395	**–**	5,664
Trade and other payables	40	**56,697**	42,695	**29,544**	34,837
		6,677,306	6,719,023	**3,825,256**	3,920,184
CURRENT LIABILITIES					
Trade and other payables	40	**2,385,761**	2,444,024	**545,517**	522,178
Contract liabilities	39	**24,050**	35,273	**–**	–
Amounts due to subsidiaries	28	**–**	–	**1,897,629**	2,247,622
Amounts due to related parties	28	**13,677**	9,886	**6,951**	6,328
Retirement benefits	36	**20,208**	15,303	**–**	–
Lease liabilities		**25,602**	24,870	**–**	444
Tax payable		**207,599**	219,038	**45,504**	–
Derivatives	29	**18,765**	61,794	**347**	–
Dividend payable		**394,196**	–	**394,196**	–
Borrowings	37	**1,700,617**	2,463,801	**1,048,361**	1,595,689
		4,790,475	5,273,989	**3,938,505**	4,372,261
Liabilities directly associated with non-current assets held for sale	31	**12,260**	139,100	**–**	–
TOTAL LIABILITIES		**11,480,041**	12,132,112	**7,763,761**	8,292,445
TOTAL EQUITY AND LIABILITIES		**31,886,454**	31,148,126	**20,609,505**	20,335,682

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023

GROUP	Note	Attributable to equity holders of the Company				Perpetual Sukuk RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000			
At 1 January 2023		**1,633,790**	**737,142**	**13,996,297**	**16,367,229**	**2,230,717**	**418,068**	**19,016,014**
Profit for the financial year		**–**	**–**	**1,860,040**	**1,860,040**	**124,300**	**49,039**	**2,033,379**
Other comprehensive income/(loss) for the financial year		**–**	**590,737**	**(15,988)**	**574,749**	**–**	**19,733**	**594,482**
Disposal of subsidiaries	31(c)	**–**	**(22,796)**	**–**	**(22,796)**	**–**	**–**	**(22,796)**
Total comprehensive income for the financial year		**–**	**567,941**	**1,844,052**	**2,411,993**	**124,300**	**68,772**	**2,605,065**
Transactions with equity holders:								
– dividends	14,35	**–**	**–**	**(1,036,666)**	**(1,036,666)**	**–**	**(54,041)**	**(1,090,707)**
– distribution to Perpetual Sukuk holders	34	**–**	**–**	**–**	**–**	**(123,959)**	**–**	**(123,959)**
At 31 December 2023		**1,633,790**	**1,305,083**	**14,803,683**	**17,742,556**	**2,231,058**	**432,799**	**20,406,413**
At 1 January 2022		1,633,790	537,356	13,016,976	15,188,122	2,231,398	436,641	17,856,161
Profit for the financial year		–	–	2,488,075	2,488,075	124,300	70,895	2,683,270
Other comprehensive income/(loss) for the financial year		–	199,786	38,982	238,768	–	(11,187)	227,581
Total comprehensive income for the financial year		–	199,786	2,527,057	2,726,843	124,300	59,708	2,910,851
Transactions with equity holders:								
– dividends	14,35	–	–	(1,547,736)	(1,547,736)	–	(78,281)	(1,626,017)
– distribution to Perpetual Sukuk holders	34	–	–	–	–	(124,981)	–	(124,981)
At 31 December 2022		1,633,790	737,142	13,996,297	16,367,229	2,230,717	418,068	19,016,014

Company Statement of Changes in Equity

For the financial year ended 31 December 2023

COMPANY	Note	Attributable to equity holders of the Company				Perpetual Sukuk RM'000	Total equity RM'000
		Share capital RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2023		**1,633,790**	**21,175**	**8,157,555**	**9,812,520**	**2,230,717**	**12,043,237**
Profit for the financial year		**–**	**–**	**1,837,522**	**1,837,522**	**124,300**	**1,961,822**
Other comprehensive income for the financial year		**–**	**629**	**681**	**1,310**	**–**	**1,310**
Total comprehensive income for the financial year		**–**	**629**	**1,838,203**	**1,838,832**	**124,300**	**1,963,132**
Transactions with equity holders:							
– dividends	14	**–**	**–**	**(1,036,666)**	**(1,036,666)**	**–**	**(1,036,666)**
– distribution to Perpetual Sukuk holders	34	**–**	**–**	**–**	**–**	**(123,959)**	**(123,959)**
At 31 December 2023		**1,633,790**	**21,804**	**8,959,092**	**10,614,686**	**2,231,058**	**12,845,744**
At 1 January 2022		1,633,790	24,968	9,173,067	10,831,825	2,231,398	13,063,223
Profit for the financial year		–	–	532,224	532,224	124,300	656,524
Other comprehensive loss for the financial year		–	(3,793)	–	(3,793)	–	(3,793)
Total comprehensive (loss)/income for the financial year		–	(3,793)	532,224	528,431	124,300	652,731
Transactions with equity holders:							
– dividends	14	–	–	(1,547,736)	(1,547,736)	–	(1,547,736)
– distribution to Perpetual Sukuk holders	34	–	–	–	–	(124,981)	(124,981)
At 31 December 2022		1,633,790	21,175	8,157,555	9,812,520	2,230,717	12,043,237

Statements of Cash Flows

For the financial year ended 31 December 2023

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		**2,033,379**	2,683,270	**1,961,822**	656,524
Adjustments for:					
Amortisation of intangible assets	6(a)	**44,231**	45,296	**14,433**	14,478
Depreciation of:					
– property, plant and equipment	6(a)	**1,304,167**	1,248,672	**273,128**	275,006
– investment properties	6(a)	**41**	40	**–**	–
– right-of-use assets	6(a)	**83,592**	78,533	**2,452**	2,643
Dividend income					
– other investments	5(b)	**(3,544)**	(8,925)	**(3,544)**	(7,457)
– subsidiaries	5(b)	**–**	–	**(1,540,125)**	(700,503)
Finance costs	10	**197,544**	134,699	**320,911**	139,420
Finance income	9	**(22,696)**	(12,303)	**(32,207)**	(16,267)
Unrealised fair value losses/(gains):					
– commodities futures and forward contracts (non-hedging derivative)	8	**80,743**	(116,033)	**–**	–
– forward foreign exchange contracts (non-hedging derivatives)	8	**3,562**	25,041	**347**	–
Fair value changes in biological assets (net)	6(e)	**7,888**	119,161	**(10,771)**	50,917
Gains on disposals of:					
– property, plant and equipment	7	**(75,856)**	(92,840)	**(75,398)**	(87,022)
– non-current assets held for sale	7	**(1,092,896)**	(275,929)	**(802,270)**	(275,622)
– a former subsidiary	7	**–**	(53,687)	**–**	–
Impairment of:					
– property, plant and equipment	6(e)	**28,805**	6,224	**28,181**	3,431
– advances for plasma plantation projects	6(e)	**881**	4,124	**–**	–
– trade and other receivables	6(e)	**5,335**	6,655	**–**	–
– amounts due from subsidiaries	6(e)	**–**	–	**7,778**	3,841
– amounts due from joint ventures	6(e)	**–**	7,664	**–**	–
– investment in subsidiaries	19	**–**	–	**4,737**	27,979
– investment in a joint venture	6(e)	**–**	25,369	**–**	8,622
Write off of:					
– property, plant and equipment	15	**18,213**	18,563	**7,712**	9,394
– inventories	6(e)	**4,361**	1,678	**–**	–
– intangible assets	6(e)	**854**	–	**–**	–
– bad debts	6(e)	**–**	640	**–**	6
Write-down of:					
– right-of-use assets	6(e)	**–**	49	**–**	–
– inventories (net)	6(e)	**5,988**	8,668	**7**	1,080
Retirement benefits	6(d)	**39,421**	30,432	**8,745**	6,606
Reversal of impairment of:					
– investment in a subsidiary	7	**–**	–	**(2,772)**	(437)
– amounts due from subsidiaries	7	**–**	–	**(11,938)**	(2,465)
– trade and other receivables	7	**–**	(12)	**–**	–
Share of results of:					
– joint ventures	20(a)	**(39,239)**	(37,116)	**–**	–
– associates	21(a)	**(645)**	(14,547)	**–**	–

Statements of Cash Flows
For the financial year ended 31 December 2023

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Tax expense	12	**719,076**	808,930	**194,227**	97,284
Unrealised exchange losses/(gains) (net)	8	**38,960**	(77,192)	**(43,544)**	173,321
		3,382,165	4,565,124	**301,911**	380,779
Changes in working capital:					
Inventories		**242,996**	(320,528)	**9,303**	(235,447)
Trade and other payables		**(133,611)**	395,396	**226,291**	175,395
Trade and other receivables		**609,882**	327,760	**31,939**	(81,346)
Intercompany and related party balances		**4,090**	(9,393)	**216,488**	(183,041)
Cash generated from operations		**4,105,522**	4,958,359	**785,932**	56,340
Tax paid		**(1,087,109)**	(1,432,019)	**(57,272)**	(49,219)
Tax refunded		**77,522**	151,000	**–**	–
Retirement benefits paid	36	**(20,940)**	(32,908)	**(9,549)**	(8,611)
Net cash generated from operating activities		**3,074,995**	3,644,432	**719,111**	(1,490)
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances for plasma plantation projects		**(2,385)**	(3,586)	**–**	–
Repayment of advances for plasma plantation projects		**–**	50,621	**–**	–
Advances to subsidiaries		**–**	–	**(702,517)**	(146,794)
Repayment of advances to subsidiaries		**–**	–	**630,239**	22,755
Dividends received from:					
– associates		**8,926**	3,521	**–**	–
– other investments	5(b)	**3,544**	8,925	**3,544**	7,457
– joint ventures		**–**	3,103	**–**	–
– subsidiaries		**–**	–	**1,414,843**	666,154
Finance income received		**22,696**	12,303	**26,844**	10,977
Proceeds from sale of:					
– property, plant and equipment		**78,694**	100,048	**76,559**	88,781
– non-current assets held for sale		**1,387,318**	284,709	**816,064**	284,709
– a former subsidiary		**–**	53,687	**–**	–
Purchase of:					
– property, plant and equipment		**(2,096,470)**	(1,716,543)	**(524,367)**	(462,985)
– intangible assets	22	**(32,150)**	(12,033)	**(29,236)**	(4,770)
Net cash (used in)/generated from investing activities		**(629,827)**	(1,215,245)	**1,711,973**	466,284

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance costs paid		**(325,445)**	(189,413)	**(257,006)**	(141,241)
Loans raised		**7,277,127**	4,749,430	**5,079,335**	2,498,531
Borrowing transaction cost paid		**(15,555)**	(4,555)	**(15,555)**	(4,555)
Loan repayments		**(8,305,794)**	(5,175,695)	**(5,848,529)**	(1,849,518)
Advances from subsidiaries		**–**	–	**700,767**	650,483
Repayment of advances from subsidiaries		**–**	–	**(1,336,196)**	(26,118)
Repayment of lease liabilities		**(53,980)**	(26,234)	**–**	(855)
Distribution to Perpetual Sukuk holders	34	**(123,959)**	(124,981)	**(123,959)**	(124,981)
Dividend paid to shareholders		**(642,470)**	(1,547,736)	**(642,470)**	(1,547,736)
Dividend paid to non-controlling interests of subsidiaries	35	**(54,041)**	(78,281)	**–**	–
Net cash used in financing activities		**(2,244,117)**	(2,397,465)	**(2,443,613)**	(545,990)
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		**201,051**	31,722	**(12,529)**	(81,196)
Exchange differences		**(5,662)**	708	**7,457**	2,590
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**634,993**	602,563	**105,772**	184,378
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30	**830,382**	634,993	**100,700**	105,772

Statements of Cash Flows
For the financial year ended 31 December 2023

NOTES TO STATEMENTS OF CASH FLOWS

(a) The principal non-cash transactions during the financial year included in the intercompany balances are as follows:

	COMPANY	
	2023 RM'000	2022 RM'000
Dividend received through intercompany settlement	-	41,749
Proceed from disposal of downstream operations	-	436,345
Proceed from sales of subsidiaries	-	56,389

(b) The net cash outflow for the acquisition of property, plant and equipment during the financial year is as follows:

		GROUP		COMPANY	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Acquisition of property, plant and equipment during the financial year	15	**2,280,562**	1,823,286	**565,089**	489,884
Less non-cash items:					
– Depreciation of property, plant and equipment capitalised in bearer plants	6(c)	**(38,426)**	(36,384)	**(9,180)**	(9,162)
– Depreciation of right-of-use assets capitalised in bearer plants	6(c)	**(1,866)**	(1,773)	**(501)**	(311)
– Finance costs capitalised in capital work-in-progress	10	**(35,016)**	(31,590)	**(6,462)**	(3,185)
– Finance costs capitalised in bearer plants	10	**(108,784)**	(36,996)	**(24,579)**	(14,241)
Net cash outflow for the acquisition of property, plant and equipment		**2,096,470**	1,716,543	**524,367**	462,985

NOTES TO STATEMENTS OF CASH FLOWS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

A reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows:

	Note	GROUP		
		Borrowings* RM'000	Lease liabilities RM'000	Total RM'000
2023				
At 1 January 2023		**6,118,118**	**172,265**	**6,290,383**
Cash flows from financing activities				
Finance costs paid		**(325,445)**	**–**	**(325,445)**
Loans raised		**7,277,127**	**–**	**7,277,127**
Borrowing transaction cost paid		**(15,555)**	**–**	**(15,555)**
Loan repayments		**(8,305,794)**	**–**	**(8,305,794)**
Repayment of lease liabilities		**–**	**(53,980)**	**(53,980)**
Non-cash changes				
Finance costs	10	**331,274**	**10,070**	**341,344**
Recognition of additional lease liabilities		**–**	**78,077**	**78,077**
Exchange differences		**225,703**	**13,137**	**238,840**
At 31 December 2023		**5,305,428**	**219,569**	**5,524,997**
2022				
At 1 January 2022		6,266,373	178,073	6,444,446
Cash flows from financing activities				
Finance costs paid		(189,413)	–	(189,413)
Loans raised		4,749,430	–	4,749,430
Borrowing transaction cost paid		(4,555)	–	(4,555)
Loan repayments		(5,175,695)	–	(5,175,695)
Repayment of lease liabilities		–	(26,234)	(26,234)
Non-cash changes				
Finance costs	10	195,921	7,364	203,285
Recognition of additional lease liabilities		–	20,890	20,890
Exchange differences		276,057	(7,828)	268,229
At 31 December 2022		6,118,118	172,265	6,290,383

* *The borrowings include interest payable for the Group which is classified under trade and other payables in Note 40.*

Statements of Cash Flows
For the financial year ended 31 December 2023

NOTES TO STATEMENTS OF CASH FLOWS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

A reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows: (continued)

	Note	COMPANY Borrowings* RM'000	Lease liabilities RM'000	Amounts due to subsidiaries RM'000	Total RM'000
2023					
At 1 January 2023		**4,741,810**	**6,108**	**1,269,518**	**6,017,436**
Cash flows from financing activities					
Finance costs paid		**(249,760)**	**–**	**(7,246)**	**(257,006)**
Loan raised		**5,079,335**	**–**	**–**	**5,079,335**
Borrowing transaction cost paid		**(15,555)**	**–**	**–**	**(15,555)**
Loan repayments		**(5,848,529)**	**–**	**–**	**(5,848,529)**
Advances from subsidiaries		**–**	**–**	**700,767**	**700,767**
Repayment of advances from subsidiaries		**–**	**–**	**(1,336,196)**	**(1,336,196)**
Cash flows from operating activities					
Working capital changes		**–**	**–**	**1,077,572**	**1,077,572**
Non-cash changes					
Finance costs	10	**262,989**	**–**	**88,963**	**351,952**
Derecognition of lease liabilities		**–**	**(6,108)**	**–**	**(6,108)**
Exchange differences		**153,003**	**–**	**42,907**	**195,910**
At 31 December 2023		**4,123,293**	**–**	**1,836,285**	**5,959,578**
2022					
At 1 January 2022		3,893,506	6,286	549,536	4,449,328
Cash flows from financing activities					
Finance costs paid		(123,962)	–	(17,279)	(141,241)
Loan raised		2,498,531	–	–	2,498,531
Borrowing transaction cost paid		(4,555)	–	–	(4,555)
Loan repayments		(1,849,518)	–	–	(1,849,518)
Advances from subsidiaries		–	–	650,483	650,483
Repayment of advances from subsidiaries		–	–	(26,118)	(26,118)
Repayment of lease liabilities		–	(855)	–	(855)
Non-cash changes					
Finance costs	10	135,507	535	20,804	156,846
Recognition of additional lease liabilities		–	142	–	142
Novation of intercompany balance		–	–	55,460	55,460
Exchange differences		192,301	–	36,632	228,933
At 31 December 2022		4,741,810	6,108	1,269,518	6,017,436

* *The borrowings include interest payable for the Company which is classified under trade and other payables in Note 40.*

Notes to the Financial Statements

For the financial year ended 31 December 2023

1. CORPORATE INFORMATION

The principal activities of the Company consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and marketing of specialty fats and edible oils, rubber and other palm oil related products and investment holding.

The principal activities of the Group consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and blending, marketing and distribution of specialty fats, edible oils, rubber, coconut oil and other palm oil related products, production and sales of sugar and beef, and the involvement in other agriculture related business as disclosed in Note 48 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited company incorporated and domiciled in Malaysia, and has been listed on the Main Market of Bursa Malaysia Securities Berhad commencing 30 November 2017. The registered office of the Company is located at Level 10, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the 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 under the historical cost convention except as disclosed in the summary of material accounting policy information in Note 3.

The preparation of financial statements in conformity with MFRS, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

a. Accounting pronouncements that have been adopted in preparing these financial statements

During the financial year, the Group has considered the new accounting pronouncements in the preparation of the financial statements, as follows:

(i) New accounting pronouncements with effective date on or after 1 January 2023

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
- Amendments to MFRS 112 on "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The adoption of these amendments does not have any significant impact on the current period or any prior periods and is not likely to affect future periods.

- Amendments to MFRS 112 on International Tax Reform – Pillar Two Model Rules ("Amendments to MFRS 112")

The Group is within the scope of the OECD's Pillar Two GloBE Rules. The Pillar Two legislation (the "Legislation") was enacted in the United Kingdom ("UK"), the Netherlands and Malaysia, jurisdictions in which the Group operates, and will come into effect in the UK and the Netherlands from 1 January 2024 and in Malaysia from 1 January 2025 respectively. Since the Legislation was not effective at the reporting date, the Group has no related current tax exposure arising from the Legislation. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in Amendments to MFRS 112.

The Group has assessed the tax exposure arising from this Legislation and no significant financial impact is expected.

Notes to the Financial Statements
For the financial year ended 31 December 2023

2. BASIS OF PREPARATION (CONTINUED)

b. Standards and amendments that have been issued but not yet effective

(i) Interpretation and amendments that are effective on or after 1 January 2024

- Amendments to MFRS 101 on "Classification of Liabilities as Current or Non-current" ('2020 amendments') and "Non-current Liabilities with Covenants" ('2022 amendments')
- Amendments to MFRS 16 on Lease Liability in a Sale and Leaseback
- Amendments to MFRS 107 and MFRS 7 on Supplier Finance Arrangements ("Amendments to MFRS 107 and MFRS 7")

(ii) Interpretation and amendments that are effective on or after 1 January 2025

- Amendments to MFRS 121 on The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability ("Amendments to MFRS 121")

The amendments except for Amendments to MFRS 107 and MFRS 7 and Amendments to MFRS 121 shall be applied retrospectively.

The amendments listed above are not expected to have any significant effect on the financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Following the Amendments to MFRS 101 "Disclosure of Accounting Policies", only accounting policy information which is material, where, when considered together with other information included in these financial statements, can reasonably be expected to influence decisions made by users are disclosed under this note. The following material accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial periods presented, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Business combinations under common control are accounted using the predecessor method of accounting.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction costs for the combination are recognised in profit or loss.

A similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company.

(b) Foreign currencies

(i) Presentation and functional currency

Items included in the financial statements of each of the Group's entities 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 the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in profit or loss.

Foreign exchange differences arising from the translation of a monetary item designated as hedge of net investment in a foreign operation are recognised in other comprehensive income in the consolidated financial statements until the net investment is disposed.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Foreign currencies (continued)

(iii) Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interests. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

All costs directly related to bearer plants are capitalised until such time as the bearer plants reach maturity, at which point all further costs are expensed and depreciation commences. Such costs include seedling and planting costs, other upkeep costs and an allocation of overhead costs.

Freehold land is not depreciated as it has indefinite life. Depreciation commences when the bearer plants mature or when the assets under construction are ready for their intended use. Other property, plant and equipment are depreciated on a straight-line basis to write down the cost or valuation of each asset to their residual value over their estimated useful lives as follows:

Buildings	20 to 50 years
Bearer plants	
– Oil palm	22 years, or the lease term, if shorter
– Rubber trees	24 years, or the lease term, if shorter
– Growing canes	5 years, or the lease term, if shorter
Plant and machinery	5 to 40 years
Vehicles, equipment and fixtures	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

(d) Investment properties

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated as it has an infinite life. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual value over their estimated useful lives as follows:

Buildings	20 to 50 years, or over the lease term, if shorter

(e) Biological assets

Biological assets comprise cattle livestock and produce growing on bearer plants. Biological assets are measured at fair value less costs of disposal. Any gains or losses arising from changes in the fair value less costs of disposal net of transfers to produce stocks are recognised net in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested and livestock that are expected to be sold or used for production on a date not more than 12 months after the reporting date.

Notes to the Financial Statements
For the financial year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Intangible assets

(i) Agricultural development costs

Internally generated research and development costs relating to the development of oil palm genomic data and techniques, as well as clonal technology with the objective of increasing yields and profit streams from the Group's plantation are capitalised as agriculture development costs. Once the development enters into commercial production, the asset will be amortised over its estimated useful life of 5 to 20 years.

(ii) Smallholder relationships

Smallholder relationships have arisen on the acquisition of subsidiaries. These assets reflect the economic relationship between Group and the smallholders who cultivate and harvest fresh fruits bunches on land owned by the smallholders. These assets are shown at fair value on acquisition of subsidiaries and subsequently subject to amortisation on a straight line basis over the estimated average remaining lease term of the Group's land of 45 years. The smallholder relationships are tested for impairment whenever an indication of impairment exists.

(iii) Computer software

Amortisation is calculated using the straight-line basis over their estimated useful lives. The annual amortisation rates range from 10% to 33%.

(iv) Intellectual property rights

Intellectual property rights acquired from third parties are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their estimated useful life of 20 years.

(g) Inventories

Inventories comprise palm oil products, sugar stocks, coconut oil, rubber, raw materials, trading inventories, consumables and spare parts.

Costs for palm oil products and sugar stock includes all direct expenses, an appropriate proportion of variable and fixed overheads arising from manufacturing and head office expenses and the estimated fair value less costs of disposal attributed to agriculture produce at the point of harvest in accordance with MFRS 141 "Agriculture". The fair value of biological assets harvested from the Group's own plantations and sold during the financial year are recorded as part of the biological assets movement in Note 17 and as part of "fair value changes in biological assets (net)" in determining the profit or loss.

The cost of inventories is determined on a weighted average basis whilst net realisable value is the estimated selling price in the ordinary course of business, less estimated cost to completion and estimated selling expenses.

(h) Derivatives and hedging activities

A derivative that is neither designated nor an effective hedging instrument is categorised under fair value through profit or loss and changes in its fair value is recognised in profit or loss. In the case of a derivative that qualifies for cash flow hedge, the effective portion of changes in its fair value is recognised in other comprehensive income.

Changes in the fair value of a derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of hedged assets or liabilities that attributable to the hedged risk.

The Group and the Company document at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group and the Company document its risk management objective and strategy for undertaking its hedge transaction.

(i) Employee benefits

The Group has various defined benefit pension plans, some of which are funded by payments from the relevant group of companies in various countries. The Group's defined benefit pension plans are determined based on a periodic actuarial valuation by external consultants where the amount of the benefits that eligible employees have earned in return for their services in the current and prior financial periods are estimated.

The liabilities in respect of the defined benefit pension plans are the present value of the defined benefit obligations at the end of the reporting period, adjusted for actuarial gains and losses and past service costs, and reduced by the fair value of the plan assets. The defined benefit obligations, calculated using the Projected Unit Credit Method, are determined by independent actuaries, considering the estimated future cash outflows.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Employee benefits (continued)

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current financial year. It is recognised in profit or loss in employee benefit expense, except where included in the cost of an asset.

Actuarial gains or losses arising from market adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(j) Revenue Recognition

(i) Revenue from contracts with customers

Sales of agricultural produce and refined palm oil related products

The Group's and the Company's revenue are derived mainly from its upstream and downstream operations.

In the upstream operations, revenue is from sales of agricultural produce such as crude palm oil ("CPO"), fresh fruit bunches ("FFB"), palm kernel ("PK"), rubber, beef and sugar. In the downstream operations, revenue is derived from sales of refined oil related products and provision of freight and tolling services.

Revenue from sales of agricultural produce and refined palm oil related products are recognised net of discount and taxes collected on behalf at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer; or upon delivery of the goods on board vessels or tankers for onward delivery to the customer.

Contracts where control of goods transfer to the customer upon delivery of the goods on board vessels or tankers are often bundled with freight services. In such contracts, sale of goods and provision of freight are accounted for as separate performance obligations as the customer can benefit from the sale of goods and freight services on its own or with the use of other resources. The transaction price is allocated to each performance obligation based on the stand-alone selling prices of the goods and services.

There is no element of financing present as the Group's and the Company's sale of goods are either on cash terms (immediate payments or advance payments not exceeding 30 days); or on credit terms of up to 30 days. The Group's and the Company's obligations to provide quality claims against off-spec goods under the Group's and the Company's standard contractual terms are recognised as a provision.

Rendering of services – Provision for freight, tolling and other services

Revenue from provision of freight is recognised in the accounting period in which services are rendered. In cases where customers pay for the bundled contract in advance to the rendering of the freight services, a contract liability is recognised.

Revenue from the provision of tolling services is recognised in the period in which the manufacturing activities are performed. There is no element of financing present as the sales are made with credit terms of up to 30 days.

(ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group and the Company are as follows:

- Rental income – recognised on a straight-line basis over the lease terms.
- Dividend income – recognised when the right to receive payment is established.
- Insurance claims – recognised if the claim is considered virtually certain.

Notes to the Financial Statements
For the financial year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Leases

<u>The Group as a lessee</u>

The Group and the Company recognise a right-of-use ("ROU") asset and a lease liability at the lease commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	over the lease period ranging from 20 to 999 years
Buildings	20 to 50 years, or over the lease term, if shorter
Plant and machinery	5 to 40 years, or over the lease term, if shorter
Vehicles, equipment and fixtures	5 years, or over the lease term, if shorter

(l) Commodity futures, forward contracts and options

Commodity futures, forward contracts and options are entered into by the Group and the Company to manage exposure to adverse movements in vegetable oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's and the Company's expected purchase, sale or usage requirements. Accordingly, such contracts are deemed not to be financial instruments. Gains or losses arising from these contracts are deferred and included in the measurement of the purchase or sale transactions only upon the recognition of the anticipated transactions.

Certain of the Group's commodity forward purchase and sale contracts are irrevocably designated and measured at fair value through profit or loss (fair value option). The application of the fair value model is made where either doing so eliminates or significantly reduces an accounting mismatch, or a group of financial liabilities or liabilities and assets are managed on a fair value basis. Changes in the market values of these commodity contracts are recognised in the profit or loss and are estimated using valuation techniques as described in Note 46(b).

Contracts entered other than for the purpose of the receipt or delivery of physical commodity are treated as derivatives.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements in conforming with MFRS requires the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Impairment of non-financial assets

The Group determines whether the goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units ("CGU") to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of the CGUs were determined based on the value-in-use ("VIU") calculations. The VIU is the net present value of the projected future cash flows derived from the CGU discounted at an appropriate discount rate. Projected cash flows are estimates made based on the historical and industry trends, general market and economic conditions and other available information.

The carrying amount of the Group's and the Company's goodwill as at 31 December 2023 were RM2,341.4 million, arising from the acquisition of New Britain Palm Oil Limited ("NBPOL") and goodwill of RM1,965.2 million arising from the merger exercise of plantation businesses respectively as disclosed in Note 22(i) to the financial statements. Based on the impairment assessments, no impairment charge is required. The key assumptions are also disclosed in Note 22(i) to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

(a) Impairment of non-financial assets (continued)

The Group and the Company had assessed whether there is any indication that the other non-financial assets are impaired at the end of each reporting period. Significant judgement is required in the estimation of the present value of the future cash flows generated by the non-financial assets, which involve uncertainties and are significantly affected by the assumptions used and judgements made regarding the estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's and the Company's impairment assessment on the non-financial assets.

Based on the assessment, the Group and the Company have recognised an impairment on property, plant and equipment of RM28.8 million and RM28.2 million respectively (see Notes 6(e) and 15).

5. REVENUE

The Group and the Company derive the following types of revenue:

		GROUP		COMPANY	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers	5(a)	**18,396,943**	20,995,634	**3,145,969**	4,760,062
Revenue from other sources	5(b)	**30,940**	34,056	**1,563,622**	723,666
		18,427,883	21,029,690	**4,709,591**	5,483,728

(a) Disaggregation of revenue from contracts with customers

		GROUP		COMPANY	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Upstream					
– Malaysia		**895,379**	765,350	**3,145,969**	3,176,080
– Indonesia		**1,048,755**	1,146,629	**–**	–
– Papua New Guinea and Solomon Islands ("PNG/SI")		**195,875**	123,819	**–**	–
Downstream					
– Bulk products	(i)	**8,063,074**	12,683,053	**–**	940,068
– Differentiated products	(ii)	**8,072,365**	6,179,548	**–**	641,246
Other operations		**121,495**	97,235	**–**	2,668
		18,396,943	20,995,634	**3,145,969**	4,760,062

(i) Revenue from bulk products include crude palm oil ("CPO"), crude palm kernel oil ("CPKO") which is crushed in kernel crushing plants, basic refined products comprising Refined Bleached Deodorised ("RBD") palm oil, RBD palm olein, stearin and Palm Fatty Acid Distillate ("PFAD") which are refined in the bulk refineries and coconut oils products which are extracted from the copra.

(ii) Revenue from differentiated products include sales of products catering to customers' specific requirements, such as shortenings, margarine, ghee, frying shortenings, palm kernel cake and tolling services.

Notes to the Financial Statements
For the financial year ended 31 December 2023

5. REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (continued)

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products	**18,037,748**	20,595,353	**3,114,251**	4,725,802
Management fee income from subsidiaries	**–**	–	**31,718**	31,553
Freight services	**278,917**	289,919	**–**	39
Tolling services	**80,278**	110,362	**–**	2,668
	18,396,943	20,995,634	**3,145,969**	4,760,062
Timing of revenue recognition				
– at point in time	**18,037,748**	20,595,353	**3,114,251**	4,725,802
– over time	**359,195**	400,281	**31,718**	34,260
	18,396,943	20,995,634	**3,145,969**	4,760,062

(b) Revenue from other sources

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Dividends (gross) received/receivable from:				
– other investments	**3,544**	8,925	**3,544**	7,457
– subsidiaries	**–**	–	**1,540,125**	700,503
Rental income	**27,396**	25,131	**19,953**	15,706
	30,940	34,056	**1,563,622**	723,666

(c) Revenue expected to be recognised in relation to unsatisfied performance obligations

The following table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the end of the financial year.

Expected timing of recognition:

		GROUP	
	Note	2024 RM'000	2023 RM'000
Freight services, recognised within the next 12 months	39	**24,050**	35,273

6. OPERATING EXPENSES

(a) Operating expenses include:

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Cost of raw materials and inventories sold for palm products, rubber, sugar, beef and other agricultural products		**8,128,422**	9,960,804	**725,324**	2,523,913
Other direct costs of sales	6(b)	**3,073,957**	3,186,030	**637,186**	672,136
Employee costs	6(d)	**3,069,115**	2,749,625	**1,006,436**	865,955
Depreciation of:					
– property, plant and equipment	6(c)	**1,304,167**	1,248,672	**273,128**	275,006
– right-of-use assets	6(c)	**83,592**	78,533	**2,452**	2,643
– investment properties	16	**41**	40	**–**	–
Amortisation of intangible assets	22	**44,231**	45,296	**14,433**	14,478
Other operating expenses	6(e)	**1,115,569**	1,077,328	**348,973**	426,519
		16,819,094	18,346,328	**3,007,932**	4,780,650

(b) Other direct costs of sales include:

	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Export duty, transport and handling charges	**1,192,886**	1,278,962	**96,265**	189,807
Commissions fees	**12,435**	10,202	**45,871**	47,511
Tolling fees	**198,869**	214,158	**–**	1,688
Upkeep, manuring, and collection expenses	**838,285**	722,816	**296,298**	225,555
Selling and distribution expenses	**138,387**	174,917	**–**	37
Mills and refineries maintenance expenses	**229,866**	207,195	**82,764**	80,583
Research expenses	**2,526**	2,015	**105,451**	98,881
Others	**460,703**	575,765	**10,537**	28,074
	3,073,957	3,186,030	**637,186**	672,136

Notes to the Financial Statements
For the financial year ended 31 December 2023

6. OPERATING EXPENSES (CONTINUED)

(c) Depreciation of:

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Depreciation for the financial year					
– property, plant and equipment	15	**1,342,593**	1,285,056	**282,308**	284,168
– capitalised in immature bearer plant		**(38,426)**	(36,384)	**(9,180)**	(9,162)
	6(a)	**1,304,167**	1,248,672	**273,128**	275,006
Depreciation for the financial year					
– right-of-use assets	18	**85,458**	80,306	**2,953**	2,954
– capitalised in immature bearer plant		**(1,866)**	(1,773)	**(501)**	(311)
	6(a)	**83,592**	78,533	**2,452**	2,643
Depreciation included in profit or loss		**1,387,759**	1,327,205	**275,580**	277,649

(d) Employee costs include:

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Salaries, wages and bonus		**2,427,716**	2,235,482	**690,170**	588,087
Defined contribution plans		**158,102**	134,668	**113,806**	91,621
Retirement benefits	36	**39,421**	30,432	**8,745**	6,606
Termination benefits		**4,346**	506	**4,346**	506
Reimbursement of recruitment fees	40	**(25,221)**	–	**(19,023)**	–
Other short term employee benefits		**464,751**	348,537	**208,392**	179,135
		3,069,115	2,749,625	**1,006,436**	865,955

Employee costs above include the remuneration of the Directors and the key management personnel, as set out in Notes 11 and 45(f) respectively to the financial statements.

6. OPERATING EXPENSES (CONTINUED)

(e) Other operating expenses include:

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Fair value changes in biological assets (net)		**7,888**	119,161	**(10,771)**	50,917
Impairment of:					
– property, plant and equipment	15	**28,805**	6,224	**28,181**	3,431
– advances for plasma plantation projects	46(a)(iii)	**881**	4,124	**–**	–
– trade and other receivables	46(a)(iii)	**5,335**	6,655	**–**	–
– amounts due from subsidiaries	46(a)(iii)	**–**	–	**7,778**	3,841
– amounts due from joint ventures	46(a)(iii)	**–**	7,664	**–**	–
– investment in subsidiaries	19	**–**	–	**4,737**	27,979
– investment in a joint venture	20(a)	**–**	25,369	**–**	8,622
Write off of:					
– property, plant and equipment	15	**18,213**	18,563	**7,712**	9,394
– inventories		**4,361**	1,678	**–**	–
– intangible assets	22	**854**	–	**–**	–
– bad debts		**–**	640	**–**	6
Write-down of right-of-use assets	18	**–**	49	**–**	–
Write-down of inventories		**5,988**	8,668	**7**	1,080
Donations		**30,000**	40,022	**3,530**	(4,185)
Insurance charges		**47,591**	43,685	**4,723**	7,687
Information technology charges		**83,080**	70,090	**31,354**	19,546
Professional fees		**127,148**	86,233	**69,664**	76,267
Quit rent and assessment		**59,022**	53,673	**31,541**	29,278
Expense relating to short-term leases		**44,101**	41,340	**22,891**	27,906
Repairs and maintenance		**227,812**	214,009	**28,243**	43,087
Telecommunication expenses		**7,352**	7,608	**2,117**	2,372
Travelling expenditure		**44,619**	38,168	**12,758**	9,479
Utilities expenditure		**168,975**	145,160	**36,614**	32,262

Notes to the Financial Statements
For the financial year ended 31 December 2023

6. OPERATING EXPENSES (CONTINUED)

(f) Auditors' remuneration

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fees for statutory audits:				
– PricewaterhouseCoopers PLT, Malaysia	**3,631**	3,389	**2,035**	1,939
– Member firms of PricewaterhouseCoopers International Limited	**10,112**	9,579	**–**	–
– Other firms	**596**	208	**–**	–
	14,339	13,176	**2,035**	1,939
Fees for non-audit services:				
– PricewaterhouseCoopers PLT, Malaysia	**1,515**	1,960	**1,283**	1,819
– Member firms of PricewaterhouseCoopers International Limited	**1,957**	2,130	**–**	–
	3,472	4,090	**1,283**	1,819

7. OTHER OPERATING INCOME

	Note	GROUP		COMPANY	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gain on disposal of:					
– property, plant and equipment		**75,856**	92,840	**75,398**	87,022
– non-current assets held for sale		**1,092,896**	275,929	**802,270**	275,622
– a former subsidiary		**–**	53,687	**–**	–
Government grants/incentives		**72**	323	**–**	–
Insurance claims		**16,140**	17,088	**1,758**	1,314
Other incidental income		**111,046**	283,783	**593**	2,348
Reversal of impairment of:					
– investment in a subsidiary	19	**–**	–	**2,772**	437
– amounts due from subsidiaries	46(a)(iii)	**–**	–	**11,938**	2,465
– trade and other receivables	46(a)(iii)	**–**	12	**–**	–
Sale of scrap		**25,857**	29,902	**4,881**	4,347
Sale of rubber wood		**1,507**	1,680	**1,507**	1,680
Other income		**68,284**	83,189	**12,601**	11,011
		1,391,658	838,433	**913,718**	386,246

7. OTHER OPERATING INCOME (CONTINUED)

The net gain on disposal of non-current assets held for sale mainly comprised the following:

(i) Disposal of three parces of freehold land with a total land area measuring approximately 384 hectares located in Mukim Kapar to Sime Darby Property (Bukit Tunku) Sdn Bhd, a wholly-owned subsidiary of Sime Darby Property Berhad (which is a related party of the Group) for a total sale consideration of RM618 million, resulting in a gain of disposal of non-current assets held for sale of RM606.6 million and RM606.7 million at Group and Company, respectively.

(ii) Completion of disposal of the Group's cumulative 100% equity interest in PT Ladangrumpun Suburabadi ("PT LSI") and PT Sajang Heulang ("PT SHE") at a combined total sale consideration of IDR1.88 trillion (approximately RM571.3 million, resulting in a gain of disposal of non-current assets held for sales of RM290.2 million as disclosed in Note 31(c) to the financial statements.

(iii) Disposal of 5 parcels of freehold land measuring approximately 173 hectares to third parties for a total sale consideration of RM198.1 million, resulting in a gain of disposal of non-current assets held for sale of RM196.1 million and RM195.6 million at Group and Company, respectively.

Other incidental income arising from the granting of access over land use rights in Indonesia of RM109 million (2022: RM275 million) was recognised during the financial year.

8. OTHER GAINS AND LOSSES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fair value (losses)/gains on forward foreign exchange contracts:				
– realised non-hedging derivatives	**(6,093)**	25,177	**–**	(2,164)
– unrealised non-hedging derivatives	**(3,562)**	(25,041)	**(347)**	–
Fair value losses on cash flow hedge ineffectiveness of commodities futures contracts:				
– realised	**(14,128)**	(62,626)	**–**	–
Fair value (losses)/gains on commodities futures and forward contracts (non-hedging derivative):				
– realised	**(685)**	(1,163)	**–**	630
– unrealised	**(80,743)**	116,033	**–**	–
Foreign currencies exchange gains/(losses):				
– realised	**31,143**	(88,434)	**(213,821)**	(37,508)
– unrealised	**(38,960)**	77,192	**43,544**	(173,321)
	(113,028)	41,138	**(170,624)**	(212,363)

9. FINANCE INCOME

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Finance income from:				
– banks and other financial institutions	**19,089**	8,040	**3,577**	2,790
– subsidiaries	**–**	–	**23,267**	8,187
– financial guarantee contracts	**–**	–	**5,290**	5,290
– others	**3,607**	4,263	**73**	–
	22,696	12,303	**32,207**	16,267

Notes to the Financial Statements
For the financial year ended 31 December 2023

10. FINANCE COSTS

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Finance costs charged by:					
– banks and other financial institutions		**325,445**	189,413	**257,542**	130,457
– lease liabilities		**10,070**	7,364	**–**	535
– subsidiaries		**–**	–	**88,963**	20,804
Amortisation of deferred financing expenses	37	**5,829**	6,508	**5,447**	5,050
		341,344	203,285	**351,952**	156,846
Interests capitalised in:					
– capital work-in-progress		**(35,016)**	(31,590)	**(6,462)**	(3,185)
– immature bearer plants		**(108,784)**	(36,996)	**(24,579)**	(14,241)
		(143,800)	(68,586)	**(31,041)**	(17,426)
Net finance costs		**197,544**	134,699	**320,911**	139,420

11. DIRECTORS' REMUNERATION

	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Non-executive Directors:				
– fees	**3,531**	3,908	**3,110**	3,443
– allowances	**206**	317	**179**	291
– estimated monetary value of benefits	**144**	149	**144**	149
	3,881	4,374	**3,433**	3,883
Executive Director:				
– salaries and other emoluments	**5,561**	7,670	**5,561**	7,670
– defined contribution pension plans	**879**	1,258	**879**	1,258
– estimated monetary value of benefits	**38**	24	**38**	24
	6,478	8,952	**6,478**	8,952
Total	**10,359**	13,326	**9,911**	12,835

12. TAX EXPENSE

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Current tax:					
In respect of current financial year					
– Malaysian income tax		**47,248**	138,700	**–**	2,510
– foreign income tax		**511,258**	659,931	**–**	–
– real property gain tax		**80,931**	22,975	**80,931**	22,975
– withholding tax		**184,465**	102,461	**117,157**	102,461
		823,902	924,067	**198,088**	127,946
Under/(over) provision in respect of prior financial years					
– Malaysian income tax		**486**	(28,202)	**–**	(15,173)
– foreign income tax		**11,033**	3,202	**–**	–
		11,519	(25,000)	**–**	(15,173)
Deferred tax					
– origination and reversal of temporary differences	24	**(116,345)**	(90,137)	**(3,861)**	(15,489)
Tax expense		**719,076**	808,930	**194,227**	97,284

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Profit before tax		**2,752,455**	3,492,200	**2,156,049**	753,808
Applicable tax	12(a)	**1,214,308**	1,027,470	**517,451**	180,914
Effects of income not subject to tax		**(63,993)**	(78,292)	**(229,288)**	(40,903)
Effects of expenses not deductible for tax purposes		**157,557**	86,982	**142,933**	103,073
Expenses subject to double deductions		**(39,211)**	(17,077)	**(25,308)**	(13,928)
Income subject to different tax rate		**(435,095)**	(161,060)	**(181,729)**	(93,304)
Deferred tax assets not recognised in respect of tax losses and deductible temporary differences for the current financial year		**7,000**	1,815	**–**	–
Under/(over) provision in respect of prior financial years		**11,519**	(25,000)	**–**	(15,173)
Deferred tax assets recognised in respect of previously unrecognised tax losses		**(19,739)**	(20,734)	**–**	–
Taxable temporary difference on investments in subsidiaries		**(83,438)**	8,018	**–**	–
Perpetual Sukuk distribution		**(29,832)**	(29,832)	**(29,832)**	(29,832)
Effects of agriculture allowance clawback		**–**	16,640	**–**	6,437
Tax expense for the financial year		**719,076**	808,930	**194,227**	97,284
Effective tax rate (%)		**26.1**	23.2	**9.0**	12.9

Notes to the Financial Statements
For the financial year ended 31 December 2023

12. TAX EXPENSE (CONTINUED)

(a) The applicable tax rate of the Group is derived from the consolidation of all the Group's companies' applicable tax rates based on their respective domestic tax rates. The applicable tax of the Company is the product of profit before tax multiplied by the domestic tax rate of the Company.

(b) During the financial year, the effective tax rate is lower than the applicable tax rate of the Group and of the Company as the dividend income from foreign subsidiaries subjected to withholding tax, which the tax rate is lower compared to the corporate tax rate.

13. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share for the financial year has been calculated based on the Group's net profit attributable to the equity holders of the Company for the financial year and the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2023	**2022**
Profit for the financial year (RM'000)	**1,860,040**	2,488,075
Weighted average number of ordinary shares in issue ('000 units)	**6,915,714**	6,915,714
Basic earnings per share (sen)	**26.90**	35.98

Diluted earnings per share

There is no dilution in earnings per share as there is no potential dilutive ordinary shares.

14. DIVIDENDS

Dividends payable and paid in respect of the ordinary shares for the financial year are as follows:

	GROUP/COMPANY	
	2023 RM'000	**2022 RM'000**
Dividends for the financial year ended 31 December 2021:		
– Final dividend of 12.38 sen per share, paid in cash on 17 May 2022	**–**	856,165
Dividends for the financial year ended 31 December 2022:		
– Interim dividend of 10.00 sen per share, paid in cash on 18 November 2022	**–**	691,571
– Final dividend of 6.04 sen per share, paid in cash on 15 May 2023	**417,709**	–
Dividends for the financial year ended 31 December 2023:		
– Interim dividend of 3.25 sen per share, paid in cash on 17 November 2023	**224,761**	–
– Special dividend of 5.70 sen per share, declared on 27 October 2023, and paid in cash on 24 January 2024	**394,196**	–
	1,036,666	1,547,736

A final dividend of 6.05 sen per ordinary share, amounting to RM418.4 million in respect of the financial year ended 31 December 2023 has been declared on 22 February 2024 and will be paid on 20 May 2024. The entitlement date for the dividend payment is 6 May 2024.

15. PROPERTY, PLANT AND EQUIPMENT

2023	Note	GROUP Freehold land RM'000	Buildings RM'000	Bearer plants (Note 15(a)) RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
Net Book Value								
At 1 January 2023		2,674,008	3,201,756	8,917,294	1,879,254	537,586	590,533	17,800,431
Additions		–	55,151	1,235,713	125,150	138,212	726,336	2,280,562
Disposals		(237)	(22)	(122)	(1,615)	(285)	(557)	(2,838)
Write offs	6(e)	–	(1,349)	(14,736)	(1,772)	(356)	–	(18,213)
Depreciation charge for the financial year	6(c)	–	(272,353)	(595,311)	(305,962)	(168,967)	–	(1,342,593)
Impairment charge for the financial year	6(e)	–	(8,219)	(8,736)	(11,352)	(498)	–	(28,805)
Transfer to non-current assets held for sale		(6,118)	(2,223)	(2,238)	(4,609)	(521)	(17,229)	(32,938)
Transfer from investment properties	16	3,500	–	–	–	–	–	3,500
Reclassification		–	268,008	–	180,684	94,733	(543,425)	–
Exchange differences		2,606	109,187	243,434	81,757	20,684	28,556	486,224
At 31 December 2023		2,673,759	3,349,936	9,775,298	1,941,535	620,588	784,214	19,145,330
Cost		2,673,759	6,214,497	15,284,935	5,549,526	2,902,409	788,000	33,413,126
Accumulated depreciation		–	(2,828,586)	(5,211,218)	(3,569,836)	(2,276,869)	–	(13,886,509)
Accumulated impairment losses		–	(35,975)	(298,419)	(38,155)	(4,952)	(3,786)	(381,287)
Net book value		2,673,759	3,349,936	9,775,298	1,941,535	620,588	784,214	19,145,330

Notes to the Financial Statements
For the financial year ended 31 December 2023

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

		GROUP						
2022	Note	Freehold land RM'000	Buildings RM'000	Bearer plants (Note 15(a)) RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
Net Book Value								
At 1 January 2022		2,683,165	3,234,481	8,522,046	1,873,204	503,988	430,943	17,247,827
Additions		–	58,518	951,599	119,959	151,883	541,327	1,823,286
Disposals		(856)	(128)	(5,393)	(289)	(542)	–	(7,208)
Write offs	6(e)	–	(526)	(16,702)	(883)	(420)	(32)	(18,563)
Depreciation charge for the financial year	6(c)	–	(263,649)	(552,219)	(307,659)	(161,529)	–	(1,285,056)
Impairment charge for the financial year	6(e)	–	(1,859)	–	(4,018)	(347)	–	(6,224)
Transfer to non-current assets held for sale		(4,951)	(12)	(6,608)	–	–	–	(11,571)
Transfer to investment properties	16	(2,247)	–	–	–	–	–	(2,247)
Reclassification		–	156,214	–	184,379	38,542	(379,135)	–
Exchange differences		(1,103)	18,717	24,571	14,561	6,011	(2,570)	60,187
At 31 December 2022		2,674,008	3,201,756	8,917,294	1,879,254	537,586	590,533	17,800,431
Cost		2,674,008	5,710,590	13,809,756	5,057,056	2,630,199	594,319	30,475,928
Accumulated depreciation		–	(2,472,779)	(4,602,779)	(3,156,474)	(2,088,434)	–	(12,320,466)
Accumulated impairment losses		–	(36,055)	(289,683)	(21,328)	(4,179)	(3,786)	(355,031)
Net book value		2,674,008	3,201,756	8,917,294	1,879,254	537,586	590,533	17,800,431

The finance cost is capitalised at an average capitalisation rate of 5.80% (2022: 3.20%) per annum.

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2023	Note	COMPANY Freehold land RM'000	Buildings RM'000	Bearer plants (Note 15(a)) RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
Net Book Value								
At 1 January 2023		4,007,920	802,862	2,508,629	193,431	153,766	115,411	7,782,019
Additions		–	13,660	320,523	31,356	40,485	159,065	565,089
Intra group acquisition		–	–	–	286	1,874	–	2,160
Disposals		(420)	–	–	–	–	–	(420)
Intra group disposal		–	(741)	–	(408)	(403)	–	(1,552)
Write offs	6(e)	–	(864)	(5,234)	(1,336)	(278)	–	(7,712)
Depreciation charge for the financial year	6(c)	–	(65,938)	(137,346)	(39,132)	(39,892)	–	(282,308)
Impairment charge for the financial year	6(e)	–	(3,961)	(12,790)	(10,932)	(498)	–	(28,181)
Transfer to non-current assets held for sale		(24,575)	(20)	(2,160)	–	–	–	(26,755)
Reclassification		–	46,928	–	51,417	1,916	(100,261)	–
At 31 December 2023		3,982,925	791,926	2,671,622	224,682	156,970	174,215	8,002,340
Cost		3,982,925	1,501,323	3,964,659	798,566	562,902	174,215	10,984,590
Accumulated depreciation		–	(694,802)	(1,056,594)	(554,776)	(405,188)	–	(2,711,360)
Accumulated impairment losses		–	(14,595)	(236,443)	(19,108)	(744)	–	(270,890)
Net book value		3,982,925	791,926	2,671,622	224,682	156,970	174,215	8,002,340

Notes to the Financial Statements
For the financial year ended 31 December 2023

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

		COMPANY						
2022	Note	Freehold land RM'000	Buildings RM'000	Bearer plants (Note 15(a)) RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
Net Book Value								
At 1 January 2022		4,014,831	914,798	2,387,118	340,837	130,960	55,820	7,844,364
Additions		–	21,892	269,909	26,818	71,566	99,699	489,884
Intra group acquisition		–	–	–	275	1,020	–	1,295
Disposals		(1,552)	(207)	–	–	–	–	(1,759)
Intra group disposal		–	–	–	–	(56)	–	(56)
Disposal of downstream operations	19	–	(84,271)	–	(144,336)	(4,158)	(9,972)	(242,737)
Write offs	6(e)	–	–	(9,394)	–	–	–	(9,394)
Depreciation charge for the financial year	6(c)	–	(63,795)	(132,396)	(41,794)	(46,183)	–	(284,168)
Impairment charge for the financial year	6(e)	–	(1,777)	–	(1,407)	(247)	–	(3,431)
Transfer to non-current assets held for sale		(5,359)	(12)	(6,608)	–	–	–	(11,979)
Reclassification		–	16,234	–	13,038	864	(30,136)	–
At 31 December 2022		4,007,920	802,862	2,508,629	193,431	153,766	115,411	7,782,019
Cost		4,007,920	1,445,671	3,687,239	730,532	532,321	115,411	10,519,094
Accumulated depreciation		–	(632,175)	(954,957)	(528,924)	(378,308)	–	(2,494,364)
Accumulated impairment losses		–	(10,634)	(223,653)	(8,177)	(247)	–	(242,711)
Net book value		4,007,920	802,862	2,508,629	193,431	153,766	115,411	7,782,019

The finance cost is capitalised at an average capitalisation rate of 5.05% (2022: 2.84%).

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants

Bearer plants comprised oil palm, rubber trees and growing canes.

	GROUP							
	Mature				Immature			Total bearer plants RM'000
2023	Oil palm RM'000	Rubber trees RM'000	Growing canes RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Total RM'000	
Net Book Value								
At 1 January 2023	7,028,588	34,532	20,595	7,083,715	1,833,579	–	1,833,579	8,917,294
Additions	–	–	13,527	13,527	1,222,186	–	1,222,186	1,235,713
Disposals	(122)	–	–	(122)	–	–	–	(122)
Write offs	(8,907)	–	–	(8,907)	(5,829)	–	(5,829)	(14,736)
Depreciation charge for the financial year	(585,508)	(5,166)	(4,637)	(595,311)	–	–	–	(595,311)
Impairment charge for the financial year	–	(8,736)	–	(8,736)	–	–	–	(8,736)
Transfer (to)/from non-current assets held for sale	(2,238)	–	–	(2,238)	–	–	–	(2,238)
Reclassification	956,667	–	–	956,667	(956,667)	–	(956,667)	–
Exchange differences	298,342	–	740	299,082	(55,648)	–	(55,648)	243,434
At 31 December 2023	7,686,822	20,630	30,225	7,737,677	2,037,621	–	2,037,621	9,775,298
Cost	12,743,045	61,564	153,022	12,957,631	2,048,260	279,044	2,327,304	15,284,935
Accumulated depreciation	(5,056,223)	(32,198)	(122,797)	(5,211,218)	–	–	–	(5,211,218)
Accumulated impairment losses	–	(8,736)	–	(8,736)	(10,639)	(279,044)	(289,683)	(298,419)
Net book value	7,686,822	20,630	30,225	7,737,677	2,037,621	–	2,037,621	9,775,298

Notes to the Financial Statements
For the financial year ended 31 December 2023

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants (continued)

	GROUP							
	Mature				Immature			
2022	Oil palm RM'000	Rubber trees RM'000	Growing canes RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Total RM'000	Total bearer plants RM'000
Net Book Value								
At 1 January 2022	6,714,807	39,454	9,359	6,763,620	1,758,426	–	1,758,426	8,522,046
Additions	8,477	–	12,813	21,290	930,309	–	930,309	951,599
Disposals	(5,393)	–	–	(5,393)	–	–	–	(5,393)
Write offs	(16,702)	–	–	(16,702)	–	–	–	(16,702)
Depreciation charge for the financial year	(545,341)	(4,922)	(1,956)	(552,219)	–	–	–	(552,219)
Transfer to non-current assets held for sale	(6,608)	–	–	(6,608)	–	–	–	(6,608)
Reclassification	833,055	–	–	833,055	(833,055)	–	(833,055)	–
Exchange differences	46,293	–	379	46,672	(22,101)	–	(22,101)	24,571
At 31 December 2022	7,028,588	34,532	20,595	7,083,715	1,833,579	–	1,833,579	8,917,294
Cost	11,493,589	58,415	134,490	11,686,494	1,844,218	279,044	2,123,262	13,809,756
Accumulated depreciation	(4,465,001)	(23,883)	(113,895)	(4,602,779)	–	–	–	(4,602,779)
Accumulated impairment losses	–	–	–	–	(10,639)	(279,044)	(289,683)	(289,683)
Net book value	7,028,588	34,532	20,595	7,083,715	1,833,579	–	1,833,579	8,917,294

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants (continued)

	COMPANY						
	Mature			Immature			Total bearer plants RM'000
	Oil palm RM'000	Rubber trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Total RM'000	
2023							
Net Book Value							
At 1 January 2023	**2,043,747**	**34,547**	**2,078,294**	**430,335**	**–**	**430,335**	**2,508,629**
Additions	**–**	**–**	**–**	**320,523**	**–**	**320,523**	**320,523**
Write offs	**(5,229)**	**–**	**(5,229)**	**(5)**	**–**	**(5)**	**(5,234)**
Depreciation charge for the financial year	**(134,808)**	**(2,538)**	**(137,346)**	**–**	**–**	**–**	**(137,346)**
Impairment charge for the financial year	**–**	**(12,790)**	**(12,790)**	**–**	**–**	**–**	**(12,790)**
Transfer to non-current assets held for sale	**(2,160)**	**–**	**(2,160)**	**–**	**–**	**–**	**(2,160)**
Reclassification	**265,900**	**–**	**265,900**	**(265,900)**	**–**	**(265,900)**	**–**
At 31 December 2023	**2,167,450**	**19,219**	**2,186,669**	**484,953**	**–**	**484,953**	**2,671,622**
Cost	**3,197,623**	**58,430**	**3,256,053**	**484,953**	**223,653**	**708,606**	**3,964,659**
Accumulated depreciation	**(1,030,173)**	**(26,421)**	**(1,056,594)**	**–**	**–**	**–**	**(1,056,594)**
Accumulated impairment	**–**	**(12,790)**	**(12,790)**	**–**	**(223,653)**	**(223,653)**	**(236,443)**
Net book value	**2,167,450**	**19,219**	**2,186,669**	**484,953**	**–**	**484,953**	**2,671,622**
2022							
Net Book Value							
At 1 January 2022	1,947,179	39,469	1,986,648	400,470	–	400,470	2,387,118
Additions	88	–	88	269,821	–	269,821	269,909
Write offs	(6,456)	–	(6,456)	(2,938)	–	(2,938)	(9,394)
Depreciation charge for the financial year	(127,474)	(4,922)	(132,396)	–	–	–	(132,396)
Transfer to non-current assets held for sale	(6,608)	–	(6,608)	–	–	–	(6,608)
Reclassification	237,018	–	237,018	(237,018)	–	(237,018)	–
At 31 December 2022	2,043,747	34,547	2,078,294	430,335	–	430,335	2,508,629
Cost	2,974,821	58,430	3,033,251	430,335	223,653	653,988	3,687,239
Accumulated depreciation	(931,074)	(23,883)	(954,957)	–	–	–	(954,957)
Accumulated impairment	–	–	–	–	(223,653)	(223,653)	(223,653)
Net book value	2,043,747	34,547	2,078,294	430,335	–	430,335	2,508,629

Notes to the Financial Statements
For the financial year ended 31 December 2023

16. INVESTMENT PROPERTIES

	Note	GROUP		
		Freehold land RM'000	Buildings RM'000	Total RM'000
2023				
Cost				
At 1 January 2023		**11,292**	**665**	**11,957**
Transfer to property, plant and equipment	15	**(3,500)**	**–**	**(3,500)**
Exchange differences		**210**	**38**	**248**
At 31 December 2023		**8,002**	**703**	**8,705**
Accumulated depreciation				
At 1 January 2023		**–**	**570**	**570**
Charge for the financial year	6(a)	**–**	**41**	**41**
Exchange differences		**–**	**35**	**35**
At 31 December 2023		**–**	**646**	**646**
Net book value at 31 December 2023		**8,002**	**57**	**8,059**
2022				
Cost				
At 1 January 2022		8,976	652	9,628
Transfer from property, plant and equipment	15	2,247	–	2,247
Exchange differences		69	13	82
At 31 December 2022		11,292	665	11,957
Accumulated depreciation				
At 1 January 2022		–	519	519
Charge for the financial year	6(a)	–	40	40
Exchange differences		–	11	11
At 31 December 2022		–	570	570
Net book value at 31 December 2022		11,292	95	11,387

The fair value of investment properties is RM347.9 million (2022: RM346.0 million) based on the valuation performed by external professional firms of surveyors and valuers. The valuation was performed using the comparable method based on current prices of comparable properties in an active market for all properties within Level 2 of the fair value hierarchy. Level 2 is based on the inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The latest external valuation was carried out on 7 March 2024.

17. BIOLOGICAL ASSETS

	GROUP			
	Oil palm RM'000	Growing canes RM'000	Livestock RM'000	Total RM'000
2023				
At 1 January 2023	**60,938**	**31,304**	**88,036**	**180,278**
Transfers to produce stocks	**(62,857)**	**(32,294)**	**(90,820)**	**(185,971)**
Fair value changes	**56,483**	**27,933**	**93,667**	**178,083**
Exchange differences	**3,205**	**1,310**	**(1,644)**	**2,871**
At 31 December 2023	**57,769**	**28,253**	**89,239**	**175,261**
2022				
At 1 January 2022	181,356	22,294	80,667	284,317
Transfers to produce stocks	(189,755)	(27,126)	(98,151)	(315,032)
Fair value changes	60,378	34,781	100,712	195,871
Exchange differences	8,959	1,355	4,808	15,122
At 31 December 2022	60,938	31,304	88,036	180,278

Oil Palm	COMPANY Total RM'000
2023	
At 1 January 2023	**14,039**
Transfers to produce stocks	**(14,039)**
Fair value changes	**24,810**
At 31 December 2023	**24,810**
2022	
At 1 January 2022	64,956
Transfers to produce stocks	(64,956)
Fair value changes	14,039
At 31 December 2022	14,039

The Group's and the Company's biological assets were fair valued within Level 3 of the fair value hierarchy with the exception of livestock which is on Level 2 basis (inputs are observable indirectly). Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between Level 2 and Level 3 of the fair value hierarchy during the financial year.

Notes to the Financial Statements
For the financial year ended 31 December 2023

17. BIOLOGICAL ASSETS (CONTINUED)

The biological assets of the Group and the Company comprise of:

(i) Oil palm

Oil palm represents the fresh fruit bunches ("FFB") of up to 2 weeks prior to harvest for use in the Group's and the Company's palm products operations. During the financial year, the Group and the Company harvested approximately 8,705,185 metric tonnes ("MT") of FFB (2022: 8,206,774 MT) and 3,087,789 MT of FFB (2022: 2,543,111 MT) respectively. The quantity of unharvested FFB of the Group and of the Company as at 31 December 2023 included in the fair valuation of FFB was 319,271 MT (2022: 288,194 MT) and 126,000 MT (2022: 93,314 MT) respectively.

The Group and the Company attribute a fair value on the FFB prior to harvest at each statement of financial position date as required under MFRS 141 "Agriculture". FFB are produce of oil palm trees and are harvested continuously throughout the financial year to be used in the production of crude palm oil ("CPO"). Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting are excluded in the valuation as the increase in fair values are considered negligible.

The valuation model adopted by the Group and the Company is a discounted cash flow model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash flows associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is determined with reference to the market value of CPO at the reporting date, adjusted for freight, extraction rates, production, transportation, contributory asset charges and other cost to sell at the point of harvest. Changes to the assumed tonnage included in the valuation will have a direct effect on the reported valuation.

If the Group's and the Company's unharvested FFB tonnage changes by 10% (2022: 10%) and 10% (2022: 10%) respectively, the impact of fair value of unharvested FFB would be as follows:

	2023 Increase/ (decrease) RM'000	2022 Increase/ (decrease) RM'000
GROUP		
FFB tonnage increase by 10% (2022: 10%)	**20,753**	20,967
FFB tonnage decrease by 10% (2022: 10%)	**(20,753)**	(20,967)
COMPANY		
FFB tonnage increase by 10% (2022: 10%)	**8,056**	6,256
FFB tonnage decrease by 10% (2022: 10%)	**(8,056)**	(6,256)

(ii) Growing canes

Growing canes represent the standing canes prior to harvest whereby the values are dependent on the age, sucrose content and condition as at the statement of financial position date. During the financial year, the Group harvested approximately 247,696 MT (2022: 245,727 MT) of canes. The estimated quantity of unharvested canes as at 31 December 2023 included in the fair valuation of growing canes of the Group was 224,948 MT (2022: 233,719 MT).

The determination of fair value for the Group's growing canes based on the discounted cash flow model requires estimates to be made of the anticipated canes harvest, its age and condition at the statements of financial position date, the sucrose content to be extracted and sugar prices less further costs to be incurred in growing and harvesting the canes up to the point of harvest and contributory asset charges. The anticipated canes harvest is based on management's historical records, current planting statistics and production forecast. Fair value of the harvested canes is based on the accepted industry benchmark of allocating the fair value of sugar production between the fair value attributable to the cane grower and the value attributable to the miller.

If the estimated harvest volume of canes increased or decreased by 10% (2022: 10%), fair value changes in growing canes would have increased or decreased by approximately RM2.8 million (2022: RM3.1 million) accordingly.

17. BIOLOGICAL ASSETS (CONTINUED)

(iii) Livestock

Livestock comprise of the cattle livestock included within the Group's beef production operations. Cattle livestock are generally fed for 120 days prior to use for beef production. During the financial year, the Group produced 2,113 tonnes (2022: 2,329 tonnes) of beef. The number of cattle as at 31 December 2023 included in the fair values of livestock was 28,189 heads (2022: 27,484 heads).

The fair value of livestock is based on the Group's assessment of age, average weights and market values of the livestock at the statement of financial position date. If the average weight per beast increases or decreases by 1% (2022: 1%), fair value changes in livestock would have increased or decreased by approximately RM0.9 million (2022: RM0.9 million) respectively.

18. RIGHT-OF-USE ASSETS

GROUP	Note	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Total RM'000
2023						
Net Book Value:						
At 1 January 2023		**1,942,088**	**31,525**	**31,536**	**2,528**	**2,007,677**
Additions		**17,577**	**20,609**	**38,256**	**1,635**	**78,077**
Depreciation charge for the financial year	6(c)	**(59,869)**	**(9,570)**	**(14,940)**	**(1,079)**	**(85,458)**
Exchange differences		**57,364**	**1,220**	**1,572**	**18**	**60,174**
At 31 December 2023		**1,957,160**	**43,784**	**56,424**	**3,102**	**2,060,470**
Cost		**3,396,472**	**111,748**	**106,413**	**12,678**	**3,627,311**
Accumulated depreciation		**(1,425,551)**	**(67,964)**	**(49,989)**	**(9,576)**	**(1,553,080)**
Accumulated impairment		**(13,761)**	**–**	**–**	**–**	**(13,761)**
Net book value		**1,957,160**	**43,784**	**56,424**	**3,102**	**2,060,470**
2022						
Net Book Value:						
At 1 January 2022		1,926,109	36,777	31,487	3,508	1,997,881
Additions		53,719	5,465	10,511	668	70,363
Write-downs	6(e)	(49)	–	–	–	(49)
Depreciation charge for the financial year	6(c)	(57,517)	(10,378)	(10,581)	(1,830)	(80,306)
Exchange differences		19,826	(339)	119	182	19,788
At 31 December 2022		1,942,088	31,525	31,536	2,528	2,007,677
Cost		3,306,383	89,078	65,574	10,973	3,472,008
Accumulated depreciation		(1,351,115)	(57,553)	(34,038)	(8,445)	(1,451,151)
Accumulated impairment		(13,180)	–	–	–	(13,180)
Net book value		1,942,088	31,525	31,536	2,528	2,007,677

Notes to the Financial Statements
For the financial year ended 31 December 2023

18. RIGHT-OF-USE ASSETS (CONTINUED)

COMPANY	Note	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Total RM'000
2023						
Net Book Value:						
At 1 January 2023		**221,956**	**–**	**5,307**	**–**	**227,263**
Termination of lease		**–**	**–**	**(5,253)**	**–**	**(5,253)**
Depreciation charge for the financial year	6(c)	**(2,899)**	**–**	**(54)**	**–**	**(2,953)**
At 31 December 2023		**219,057**	**–**	**–**	**–**	**219,057**
Cost		**277,638**	**–**	**–**	**–**	**277,638**
Accumulated depreciation		**(54,274)**	**–**	**–**	**–**	**(54,274)**
Accumulated impairment		**(4,307)**	**–**	**–**	**–**	**(4,307)**
Net book value		**219,057**	**–**	**–**	**–**	**219,057**
2022						
Net Book Value:						
At 1 January 2022		268,102	–	5,520	–	273,622
Additions		–	–	142	–	142
Depreciation charge for the financial year	6(c)	(2,599)	–	(355)	–	(2,954)
Disposal of downstream operations	19	(43,547)	–	–	–	(43,547)
At 31 December 2022		221,956	–	5,307	–	227,263
Cost		277,638	428	7,797	2,935	288,798
Accumulated depreciation		(51,375)	(428)	(2,490)	(2,935)	(57,228)
Accumulated impairment		(4,307)	–	–	–	(4,307)
Net book value		221,956	–	5,307	–	227,263

(a) Underlying assets for Islamic financing facilities

During the financial year ended 30 June 2016, a subsidiary of the Company entered into a notional sale and leaseback of certain of its plantation land and bearer plants with Sime Darby Berhad ("SDB"), the former immediate holding company. This sale and leaseback arrangement is solely to facilitate the issuance of the Perpetual Subordinated Sukuk Programme ("Perpetual Sukuk") by SDB. The structure does not represent collateralisation and there was no transfer of registered land title. On 23 June 2017, the Perpetual Sukuk was novated from SDB to the Company. The sale and leaseback agreement was similarly novated from SDB to the Company.

The carrying amount of the assets used as underlying Perpetual Sukuk assets amounted to RM101.5 million (2022: RM103.4 million).

19. SUBSIDIARIES

	COMPANY	
	2023 RM'000	2022 RM'000
Unquoted shares at cost	**7,687,813**	7,686,277
Amounts due from subsidiaries – non-interest bearing	**1,482,702**	1,482,702
Accumulated impairment losses	**(726,323)**	(724,358)
	8,444,192	8,444,621

The amounts due from subsidiaries above are deemed as capital contribution to subsidiaries as the repayment of these amounts are interest-free and the subsidiaries have no contractual obligation to repay to the Company.

Movements of impairment losses for investment in subsidiaries are as follows:

		COMPANY	
	Note	2023 RM'000	2022 RM'000
At 1 January		**724,358**	697,023
Charge for the financial year	6(e)	**4,737**	27,979
Reversal for the financial year	7	**(2,772)**	(437)
Disposal of a subsidiary		**–**	(207)
At 31 December		**726,323**	724,358

On 27 February 2019, the Board of Directors of the Company approved the plan to undertake an internal restructuring ("Downstream Restructuring") to rebrand its downstream segment. The Downstream Restructuring was completed in financial year ended 2022.

The Group's equity interest in the subsidiaries as at 31 December 2023 and 31 December 2022, their principal activities and countries of incorporation are shown in Note 48.

Notes to the Financial Statements
For the financial year ended 31 December 2023

20. JOINT VENTURES

The Group's equity interest in the joint ventures as at 31 December 2023 and 31 December 2022, their respective principal activities and countries of incorporation are shown in Note 48.

(a) Share of results of joint ventures

The Group's share of results of joint ventures are as follows:

	Note	GROUP	
		2023 RM'000	2022 RM'000
Share of results for the financial year		**39,239**	37,116
Currency translation differences		**12,899**	4,395
Share of other comprehensive (loss)/income joint ventures (net of tax)		**(4,447)**	23,962
Share of total comprehensive income		**47,691**	65,473
Impairment of investment in a joint venture	6(e)	**–**	(25,369)
Total comprehensive income		**47,691**	40,104

(b) Investments in joint ventures

The Group's and the Company's investments in joint ventures are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost	**424,943**	424,943	**293,683**	293,683
Share of post-acquisition reserves	**16,202**	(31,489)	**–**	–
Accumulated impairment	**(25,369)**	(25,369)	**(8,622)**	(8,622)
	415,776	368,085	**285,061**	285,061

The Group's investments in joint ventures are private companies and there are no quoted market prices available for these shares.

There are no contingent liabilities in respect of the Group's interests in the joint ventures.

(c) Material joint ventures

Set out below are the joint ventures of the Group as at 31 December 2023 and 31 December 2022 which, in the opinion of the Directors, are material to the Group.

Name of joint ventures	Group's effective interest (%) 2023	Group's effective interest (%) 2022	Place of business/ Country of incorporation
Emery Oleochemicals UK Limited	**50.0**	50.0	United Kingdom

20. JOINT VENTURES (CONTINUED)

(d) Summarised financial information

The summarised statements of comprehensive income of the joint ventures are as follows:

For the financial year ended 31 December 2023	Emery Oleochemicals UK Limited RM'000	Others RM'000	Total RM'000
Revenue	2,250,941	11,231	2,262,172
Depreciation and amortisation	(54,331)	(2,592)	(56,923)
Interest income	643	–	643
Interest expense	(25,012)	(991)	(26,003)
Profit/(loss) before tax	94,346	(1,685)	92,661
Tax (expense)/credit	(15,242)	172	(15,070)
Profit/(loss) for the financial year	79,104	(1,513)	77,591
Profit/(loss) for the financial year attributable to owners of:			
– the joint venture	79,104	(1,513)	77,591
Other comprehensive income/(loss)			
– currency translation differences	25,789	–	25,789
– actuarial loss on defined benefit plans	(12,513)	–	(12,513)
– tax credit relating to actuarial loss on defined benefit plans	3,619	–	3,619
	16,895	–	16,895
Total comprehensive income/(loss) for the financial year	95,999	(1,513)	94,486
Total comprehensive income/(loss) for the financial year attributable to owners of:			
– the joint venture	95,999	(1,513)	94,486
	95,999	(1,513)	94,486

Notes to the Financial Statements
For the financial year ended 31 December 2023

20. JOINT VENTURES (CONTINUED)

(d) Summarised financial information (continued)

The summarised statements of comprehensive income of the joint ventures are as follows: (continued)

For the financial year ended 31 December 2022	Emery Oleochemicals UK Limited RM'000	Others RM'000	Total RM'000
Revenue	3,030,209	14,768	3,044,977
Depreciation and amortisation	(54,796)	(2,191)	(56,987)
Interest income	33	1	34
Interest expense	(14,031)	(384)	(14,415)
Profit/(loss) before tax	109,889	(6,986)	102,903
Tax (expense)/credit	(29,249)	1,704	(27,545)
Profit/(loss) for the financial year	80,640	(5,282)	75,358
Profit/(loss) for the financial year attributable to owners of:			
– the joint venture	80,640	(5,282)	75,358
Other comprehensive income/(loss)			
– currency translation differences	8,790	–	8,790
– actuarial gain on defined benefit plans	67,678	–	67,678
– tax expense relating to actuarial gain on defined benefit plans	(19,754)	–	(19,754)
	56,714	–	56,714
Total comprehensive income/(loss) for the financial year	137,354	(5,282)	132,072
Total comprehensive income/(loss) for the financial year attributable to owners of:			
– the joint venture	137,354	(5,282)	132,072

20. JOINT VENTURES (CONTINUED)

(d) Summarised financial information (continued)

The summarised statements of financial position of the joint ventures are as follows:

	Emery Oleochemicals UK Limited RM'000	Others RM'000	Total RM'000
31 December 2023			
Non-current assets	**585,823**	**98,814**	**684,637**
Current assets			
Cash and cash equivalents	**117,924**	**1,348**	**119,272**
Other current assets	**774,372**	**2,842**	**777,214**
	892,296	**4,190**	**896,486**
Non-current liability			
Financial liabilities	**(19,885)**	**(20,772)**	**(40,657)**
Current liabilities			
Financial liabilities	**(386,704)**	**(20,534)**	**(407,238)**
Other current liabilities	**(246,123)**	**(206)**	**(246,329)**
	(632,827)	**(20,740)**	**(653,567)**
Net assets	**825,407**	**61,492**	**886,899**
31 December 2022			
Non-current assets	534,502	98,843	633,345
Current assets			
Cash and cash equivalents	102,347	524	102,871
Other current assets	819,814	2,529	822,343
	922,161	3,053	925,214
Non-current liability			
Financial liabilities	(18,038)	(25,268)	(43,306)
Current liabilities			
Financial liabilities	(458,091)	(13,524)	(471,615)
Other current liabilities	(251,126)	(99)	(251,225)
	(709,217)	(13,623)	(722,840)
Net assets	729,408	63,005	792,413

Notes to the Financial Statements
For the financial year ended 31 December 2023

20. JOINT VENTURES (CONTINUED)

(e) Reconciliations of summarised financial information

Reconciliations of the summarised financial information presented to the carrying amounts of the Group's interests in joint ventures are as follows:

	Note	Emery Oleochemicals UK Limited RM'000	Others RM'000	Total RM'000
31 December 2023				
Net assets				
At 1 January 2023		**729,408**	**63,005**	**792,413**
Total comprehensive income/(loss)		**95,999**	**(1,513)**	**94,486**
At 31 December 2023		**825,407**	**61,492**	**886,899**
Group's effective interest		**50%**	**45.0%-51.0%**	
Interests in joint ventures		**412,704**	**28,441**	**441,145**
Accumulated impairment of investment in a joint venture		**–**	**(25,369)**	**(25,369)**
Carrying amount at end of the financial year		**412,704**	**3,072**	**415,776**

The Group has capped the recognition of its share of losses on Rizhao Sime Darby Oils & Fats Co. Ltd. ("Rizhao") up until its costs of investment in Rizhao. The Group does not have any obligations or guarantee of any obligations on behalf of Rizhao. The Group's share of losses in Rizhao for the current financial year amounted to RM1.3 million (2022: RM2.0 million) which had not been equity accounted for.

	Note	Emery Oleochemicals UK Limited RM'000	Others RM'000	Total RM'000
31 December 2022				
Net assets				
At 1 January 2022		598,260	68,287	666,547
Total comprehensive income/(loss)		137,354	(5,282)	132,072
Dividend received		(6,206)	–	(6,206)
At 31 December 2022		729,408	63,005	792,413
Group's effective interest		50.0%	45.0%-51.0%	
Interests in joint ventures		364,704	28,750	393,454
Impairment of investment in a joint venture	6(e)	–	(25,369)	(25,369)
Carrying amount at end of the financial year		364,704	3,381	368,085

21. ASSOCIATES

The Group's equity interest in the associates as at 31 December 2023 and 31 December 2022, their respective principal activities and countries of incorporation are shown in Note 48.

(a) Share of results of associates

The Group's share of results of associates are as follows:

	GROUP	
	2023 RM'000	2022 RM'000
Share of results for the financial year	**645**	14,547

(b) Investments in associates

The Group's and the Company's investments in associates are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost	**74,481**	71,392	**420**	420
Share of post-acquisition reserves	**(22,629)**	(14,348)	**–**	–
	51,852	57,044	**420**	420

The Group's investments in associate companies are private companies and there are no quoted market prices available for these shares.

There are no contingent liabilities in respect of the Group's interests in the associates.

(c) Summarised financial information

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method.

	GROUP	
	2023 RM'000	2022 RM'000
Aggregate carrying amount of individually immaterial associates	**51,852**	57,044
Aggregate amounts of the Group's share of profit	**645**	14,547
Dividends received from associates	**8,926**	3,521

Notes to the Financial Statements
For the financial year ended 31 December 2023

22. INTANGIBLE ASSETS

	Note	GROUP Goodwill RM'000	Asset usage rights RM'000	Intellectual property rights RM'000	Smallholder relationships RM'000	Customer relationships RM'000	Computer software RM'000	Agriculture development costs RM'000	Work-in-progress capitalised – agriculture development costs RM'000	Acquired brand names/ trademarks RM'000	Total RM'000
2023											
Net book value											
At 1 January 2023		**2,271,735**	**298**	**11,340**	**534,055**	**–**	**27,264**	**73,444**	**877**	**27,578**	**2,946,591**
Additions		**–**	**–**	**–**	**–**	**–**	**32,150**	**–**	**–**	**–**	**32,150**
Write off		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(854)**	**–**	**(854)**
Amortisation	6(a)	**–**	**(314)**	**(840)**	**(17,397)**	**–**	**(16,329)**	**(6,492)**	**–**	**(2,859)**	**(44,231)**
Exchange differences		**96,271**	**60**	**–**	**22,439**	**–**	**836**	**127**	**50**	**1,283**	**121,066**
At 31 December 2023		**2,368,006**	**44**	**10,500**	**539,097**	**–**	**43,921**	**67,079**	**73**	**26,002**	**3,054,722**
Cost		**2,373,529**	**2,004**	**16,800**	**733,457**	**10,710**	**266,876**	**108,277**	**900**	**82,449**	**3,595,002**
Accumulated amortisation		**–**	**(1,960)**	**(6,300)**	**(194,360)**	**(10,710)**	**(219,720)**	**(41,198)**	**(827)**	**(54,303)**	**(529,378)**
Accumulated impairment losses		**(5,523)**	**–**	**–**	**–**	**–**	**(3,235)**	**–**	**–**	**(2,144)**	**(10,902)**
Net book value		**2,368,006**	**44**	**10,500**	**539,097**	**–**	**43,921**	**67,079**	**73**	**26,002**	**3,054,722**
2022											
Net book value											
At 1 January 2022		2,147,974	430	12,180	521,058	104	33,460	78,785	813	28,674	2,823,478
Additions		–	–	–	–	–	11,090	943	–	–	12,033
Amortisation	6(a)	–	(132)	(840)	(16,873)	(176)	(17,834)	(6,481)	–	(2,960)	(45,296)
Exchange differences		123,761	–	–	29,870	72	548	197	64	1,864	156,376
At 31 December 2022		2,271,735	298	11,340	534,055	–	27,264	73,444	877	27,578	2,946,591
Cost		2,277,258	1,929	16,800	706,004	9,671	230,883	107,982	1,399	78,780	3,430,706
Accumulated amortisation		–	(1,631)	(5,460)	(171,949)	(9,671)	(199,562)	(34,538)	(522)	(49,058)	(472,391)
Accumulated impairment losses		(5,523)	–	–	–	–	(4,057)	–	–	(2,144)	(11,724)
Net book value		2,271,735	298	11,340	534,055	–	27,264	73,444	877	27,578	2,946,591

22. INTANGIBLE ASSETS (CONTINUED)

		COMPANY				
	Note	Goodwill RM'000	Intellectual property rights RM'000	Computer software RM'000	Agriculture development costs RM'000	Total RM'000
2023						
At 1 January 2023		**1,966,053**	**11,340**	**17,581**	**71,644**	**2,066,618**
Additions		**–**	**–**	**29,236**	**–**	**29,236**
Amortisation	6(a)	**–**	**(840)**	**(7,699)**	**(5,894)**	**(14,433)**
Disposal		**(854)**	**–**	**–**	**–**	**(854)**
At 31 December 2023		**1,965,199**	**10,500**	**39,118**	**65,750**	**2,080,567**
Cost		**1,965,199**	**16,800**	**117,472**	**102,422**	**2,201,893**
Accumulated amortisation		**–**	**(6,300)**	**(78,354)**	**(36,672)**	**(121,326)**
Net book value		**1,965,199**	**10,500**	**39,118**	**65,750**	**2,080,567**
2022						
At 1 January 2022		1,966,568	12,180	21,213	77,538	2,077,499
Additions		–	–	4,770	–	4,770
Amortisation	6(a)	–	(840)	(7,744)	(5,894)	(14,478)
Disposal		(515)	–	–	–	(515)
Disposal of downstream operations		–	–	(658)	–	(658)
At 31 December 2022		1,966,053	11,340	17,581	71,644	2,066,618
Cost		1,966,053	16,800	88,236	102,422	2,173,511
Accumulated amortisation		–	(5,460)	(70,655)	(30,778)	(106,893)
Net book value		1,966,053	11,340	17,581	71,644	2,066,618

(i) Goodwill

GROUP

The goodwill in the Group's consolidated statement of financial position represents mainly the excess of the purchase consideration over the fair value of identifiable assets, liabilities and contingent liabilities recognised upon the Group's acquisition of New Britain Palm Oil Limited ("NBPOL") and its subsidiaries in 2015.

The Group carries out its annual impairment assessment on the goodwill arising from the acquisition of NBPOL, which for the purposes of impairment testing has been allocated to cash generating units ("CGU") within the Group, namely NBPOL CGU and PT Minamas Gemilang and its subsidiaries CGU ("Minamas Group CGU") as the Group believes that Minamas Group's operations will benefit from the additional planting material synergies, from the use of Dami Super Family seeds, arising from the acquisition of NBPOL.

Notes to the Financial Statements
For the financial year ended 31 December 2023

22. INTANGIBLE ASSETS (CONTINUED)

(i) Goodwill (continued)

GROUP (CONTINUED)

The impairment assessment is carried out on the goodwill allocated to NBPOL CGU of USD367 million (equivalent to RM1,691.5 million) (2022: USD367 million (equivalent to RM1,622.0 million)) and Minamas Group CGU of USD141 million (equivalent to RM649.9 million) (2022: USD141 million (equivalent to RM623.2 million)).

The recoverable amounts of these two CGUs are based on their respective value-in-use calculations which are derived using cash flow projections in which the following key assumptions are used:

	2023	2022
NBPOL CGU		
Projection period	A 38-year cash flow projection, based on the average remaining lease period of land in NBPOL	A 39-year cash flow projection, based on the average remaining lease period of land in NBPOL
FFB yields	23.9 to 27.9 MT per hectare ("ha")	23.4 to 28.2 MT per ha
CPO price	USD775 to USD1,115 per MT	USD777 to USD1,057 per MT
Discount rate	12.6% per annum	11.4% per annum
Minamas Group CGU		
Projection period	A 36-year cash flow projection, based on the average remaining lease period of land in Indonesia	A 37-year cash flow projection, based on the average remaining lease period of land in Indonesia
FFB yields	18.9 to 25.0 MT per ha	18.9 to 25.4 MT per ha
CPO price	USD632 to USD844 per MT	USD650 to USD795 per MT
Discount rate	10.4% per annum	10.4% per annum

Based on the impairment assessment, no impairment charge is required on the goodwill as the recoverable amount calculated based on value-in-use exceeded the carrying value of the NBPOL CGU and Minamas Group CGU.

The Group's impairment assessment of both CGUs as outlined above included a sensitivity analysis on the key assumptions used. The changes in the key assumptions adopted in the value-in-use calculation for both CGUs assuming all other variables are held constant are as follows:

		Value-in-use lower by	
		2023 RM'million	2022 RM'million
NBPOL CGU	**Sensitivity**		
FFB yields	Lower by 1 MT per ha (2022: 1 MT)	**474.7**	499.4
CPO price	Lower by 10% (2022: 8%)	**1,507.1**	1,281.7
Discount rate	Higher by 50 basis points (2022: 50 basis points)	**345.7**	459.7

The NBPOL CGU is sensitive to the changes in CPO price. A reduction in the CPO price by 8.5% would result in the value-in-use approximating the carrying amounts of the NBPOL CGU.

22. INTANGIBLE ASSETS (CONTINUED)

(i) Goodwill (continued)

GROUP (CONTINUED)

		Value-in-use lower by	
		2023 RM'million	2022 RM'million
Minamas CGU			
FFB yields	Lower by 1 MT per ha (2022: 1 MT)	**857.3**	804.4
CPO price	Lower by 9% (2022: 10%)	**1,963.4**	2,258.5
Discount rate	Higher by 110 basis points (2022: 100 basis points)	**1,092.3**	914.9

Based on the results of the sensitivity analysis for Minamas Group CGU, there are no reasonably possible changes in any of the key assumptions used that would cause the carrying value of the Minamas Group CGU to materially exceed the recoverable amount.

COMPANY

The Company's goodwill arose from merger exercise of plantation businesses between Sime Darby Berhad, Golden Hope Plantations Berhad and Kumpulan Guthrie Berhad in the financial year 2008.

The Company evaluates the recoverable amount of the goodwill of RM1,965.2 million as one CGU based on its value-in-use calculations using cash flow from approved financial budgets covering a 5 year (2022: 5 year) period inclusive of the terminal values.

	2023	2022
Discount rate (%)	**9.3**	8.5
CPO price (RM per MT)	**3,500 to 5,144**	3,500 to 4,317
FFB yields (MT per ha)	**18.57 to 22.59**	18.05 to 23.05

The assessment indicated that no impairment charge is required on the goodwill as the recoverable amount exceed the carrying value of the CGU's assets and goodwill. The management believes that no reasonable possible change in any of the key assumptions used would result in the carrying amount of the CGU to materially exceed the recoverable amount.

(ii) Smallholder relationships

The smallholder relationships arose from the acquisition of a subsidiary. These assets reflect the relationship between the Group and smallholders who cultivate and harvest FFB on land which is owned by the smallholders. The FFB is subsequently purchased by the Group for processing as palm oil. These assets are initially recognised at fair value and thereafter amortised over 45 years which is the remaining lease term of the land at the acquisition date.

(iii) Work-in-progress capitalised – agriculture development costs

Capitalised agriculture development costs comprise of expenditure incurred relating to the development of oil palm genomic data and techniques, as well as clonal technology with the objective of increasing yields and profit streams from the Group's plantation. Once the development enters into commercial production, the asset will be amortised over its estimated useful life of 5 to 20 years.

Notes to the Financial Statements
For the financial year ended 31 December 2023

22. INTANGIBLE ASSETS (CONTINUED)

(iv) Intellectual property rights

The Company acquired intellectual property rights ("IP rights") on the genome base data from a third party and had assessed that the IP rights have a finite life. As a result, the Company amortised the IP rights on a straight line basis, over the estimated useful life of 20 years.

(v) Acquired brand names/trademarks

This mainly consists of fair value of brands in relation to the Group's beef, sugar and seed production operations which arose from the acquisition of NBPOL. The brands are initially recognised at fair value and thereafter amortised on a straight-line basis over the estimated useful life of 20 years.

(vi) Computer software

Expenditure on computer software that is not an integral part of the related hardware is treated as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their estimated useful live. The annual amortisation rates range from 10% to 33%. Projects in progress are not amortised as these computer software are not yet available for use.

23. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Unquoted shares				
At 1 January	**22,496**	29,639	**22,337**	26,070
Net changes in fair value	**617**	(7,143)	**629**	(3,733)
At 31 December	**23,113**	22,496	**22,966**	22,337

The unquoted non-current investments at FVOCI of the Group and of the Company were categorised under Level 3 investment, of which the fair value is determined using a valuation technique with reference made to quoted market prices for companies with similar business.

The Group and the Company have irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Group and the Company consider the classification to be more relevant as these instruments are strategic investments of the Group and the Company and not held for trading purposes.

24. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	**442,922**	495,945	**–**	–
Deferred tax liabilities	**(2,653,814)**	(2,737,983)	**(688,013)**	(691,659)
	(2,210,892)	(2,242,038)	**(688,013)**	(691,659)

The unutilised tax losses and deductible temporary differences for which no deferred tax assets are recognised in the consolidated financial statements are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised tax losses				
– Expiring within 10 years	**134,503**	93,620	**–**	–
– No expiry period	**30,359**	104,481	**–**	–
	164,862	198,101	**–**	–
Deductible temporary differences				
– Expiring within 10 years	**586,741**	–	**576,629**	–
– No expiry period	**70,050**	79,424	**–**	–
	821,653	277,525	**576,629**	–

The estimated amounts of deferred tax assets calculated at current tax rate, which has not been recognised in the financial statements, are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised tax losses	**39,199**	49,139	**–**	–
Unutilised capital allowances	**16,812**	19,062	**–**	–
Other deductible temporary differences	**58,674**	–	**57,663**	–
	114,685	68,201	**57,663**	–

A Capital Gains Tax ("CGT") on the gains from disposal of shares in unlisted companies incorporated in Malaysia was enacted in November 2023 and is effective for disposals made on or after 1 March 2024. The Group and the Company expects deductible temporary differences of RM586.7 million and RM576.6 million respectively, arising from the expected capital losses, as the cost of investments in subsidiaries were impaired in the past. However, no deferred tax assets ("DTA") are to be recognised on these deductible temporary differences as there are no foreseeable capital gains in the near future, for which the capital losses can be utilised.

Deferred tax assets are not recognised by certain subsidiaries in respect of the above temporary differences as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised.

Notes to the Financial Statements
For the financial year ended 31 December 2023

24. DEFERRED TAX (CONTINUED)

The components and movements of the deferred tax assets and liabilities during the financial year are as follows:

	Note	GROUP		COMPANY	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January		**(2,242,038)**	(2,186,745)	**(691,659)**	(734,396)
Credited/(charged) to profit or loss	12				
– property, plant and equipment		**29,050**	20,551	**(3,483)**	6,353
– biological assets		**3,023**	29,324	**(2,584)**	12,219
– right-of-use assets		**(6,542)**	(7,642)	**–**	–
– lease liabilities		**1,766**	–	**–**	–
– derivatives		**2,307**	(18,193)	**83**	96
– unutilised tax losses		**54,306**	36,305	**32,218**	–
– retirement benefits		**(1,388)**	2,974	**375**	(482)
– impairments and provisions		**188**	557	**(5,979)**	(13,543)
– inventories		**(37,294)**	(24,438)	**–**	–
– temporary difference on investments in subsidiaries	24(b)	**83,438**	(8,018)	**–**	–
– others		**(12,509)**	58,717	**(16,769)**	10,846
		116,345	90,137	**3,861**	15,489
Credited/(Charged) to other comprehensive income		**2,368**	(51,690)	**(215)**	(378)
Disposal to downstream operations	19	**–**	–	**–**	27,626
Exchange differences		**(87,567)**	(93,740)	**–**	–
At 31 December		**(2,210,892)**	(2,242,038)	**(688,013)**	(691,659)
Deferred tax assets (before offsetting)					
– unutilised tax losses		**122,377**	87,922	**32,218**	–
– retirement benefits		**50,221**	48,404	**12,310**	12,150
– impairments and provisions		**135,168**	147,137	**25,486**	31,465
– derivatives		**494**	14,830	**83**	–
– property, plant and equipment	24(a)	**386,687**	289,309	**–**	–
– lease liabilities		**29,228**	–	**–**	–
– temporary difference on investments in subsidiaries	24(b)	**3,440**	–	**–**	–
– others		**2,288**	26,697	**–**	13,565
		729,903	614,299	**70,097**	57,180
Offsetting		**(286,981)**	(118,354)	**(70,097)**	(57,180)
Deferred tax assets (after offsetting)		**442,922**	495,945	**–**	–
Deferred tax liabilities (before offsetting)					
– property, plant and equipment		**(2,524,566)**	(2,373,350)	**(748,952)**	(745,469)
– biological assets		**(48,174)**	(46,028)	**(5,954)**	(3,370)
– intangible assets		**(117,806)**	(100,476)	**–**	–
– right-of-use assets		**(145,441)**	(165,885)	**–**	–
– temporary difference on investments in subsidiaries	24(b)	**–**	(79,998)	**–**	–
– derivatives		**(4,021)**	(38,620)	**–**	–
– inventories		**(71,918)**	(46,598)		
– others		**(28,869)**	(5,382)	**(3,204)**	–
		(2,940,795)	(2,856,337)	**(758,110)**	(748,839)
Offsetting		**286,981**	118,354	**70,097**	57,180
Deferred tax liabilities (after offsetting)		**(2,653,814)**	(2,737,983)	**(688,013)**	(691,659)

24. DEFERRED TAX (CONTINUED)

(a) The Ministry of Finance in Indonesia issued a regulation on fixed assets revaluation (under Peraturan Menteri Keuangan No.191/PMK.010/2015) ("PMK 191") effective from 20 October 2015 as a temporary special tax treatment to taxpayers. Under the special tax regulation, taxpayers who elect to apply the fixed assets revaluation are granted a special tax treatment, leading to a reduction in the final tax rate to be applied on the companies.

Under the special tax regulation, the Group's Indonesia subsidiaries had elected and submitted their application for the special tax incentive by performing a tax revaluation on certain assets and paid a final tax for the revaluation surplus. Subsequent to the approvals of the fixed assets revaluation by the Director General of Taxation ("DGT"), the Group has recognised deferred tax assets arising from the fixed asset revaluation surplus.

(b) The Group has recognised deferred tax assets/liabilities on temporary difference on investments in subsidiaries which has been classified as non-current assets held for sale.

Deferred tax is not recognised on the unremitted earnings of overseas subsidiaries where the Group is able to control the timing of the remittance and it is probable that there will be no remittance in the foreseeable future. If these earnings were remitted, tax of RM2,817 million (2022: RM2,756 million) would have been payable.

25. TAX RECOVERABLE

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Non-current					
Corporate income taxes recoverable	25(a)	**161,834**	88,439	**–**	–
Value added tax recoverable	25(b)	**82,895**	69,010	**–**	–
Other taxes recoverable		**6,475**	6,795	**–**	–
		251,204	164,244	**–**	–
Current					
Corporate income taxes recoverable	25(a)	**200,909**	192,147	**96,925**	75,080
Value added tax recoverable	25(b)	**96,712**	42,412	**–**	–
Other taxes recoverable		**464**	408	**–**	–
		298,085	234,967	**96,925**	75,080

Note:

(a) Certain subsidiaries within the Minamas Group have received corporate income tax assessments from the local tax authorities in Indonesia for various years of assessment. These subsidiaries disagreed with certain of these assessments and have filed objections, appeals and judicial reviews.

During the financial year, the Group received tax refunds of IDR83 billion (RM25 million) (2022: IDR27 billion (RM8 million)) and paid tax assessments of IDR17 billion (RM5 million) (2022: IDR150 billion (RM44 million)) arising from the additional tax assessments raised by the local tax authorities in Indonesia.

(b) Certain subsidiaries within the Minamas Group have received value added taxes assessments from the local tax authorities in Indonesia for various years of assessment. These subsidiaries disagreed with certain of these assessments and have filed objections, appeals and judicial reviews.

During the financial year, the Group has received Value Added Taxes ("VAT") refund of IDR282 billion (RM84 million) (2022: IDR364 billion (RM108 million)) from the local tax authorities in Indonesia.

The non-current tax recoverable includes additional tax assessments paid and VAT, which would normally take more than a year to resolve with the relevant tax authorities.

Notes to the Financial Statements
For the financial year ended 31 December 2023

26. TRADE AND OTHER RECEIVABLES

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Non-current					
Advances for plasma plantation projects		**71,147**	56,702	**–**	–
Other receivables		**14,655**	2,917	**–**	–
		85,802	59,619	**–**	–
Accumulated impairment losses:					
Advances for plasma plantation projects	46(a)(iii)	**(27,578)**	(24,975)	**–**	–
		58,224	34,644	**–**	–
Current					
Trade receivables		**1,481,859**	1,960,665	**21,221**	34,555
Other receivables		**270,478**	253,513	**64,086**	83,440
Goods and services tax/value added tax receivable		**240,107**	163,934	**–**	1,525
Prepayments		**187,820**	200,555	**9,297**	8,466
Deposits		**19,682**	19,820	**9,911**	9,055
Amounts due from associates		**1,157**	922	**347**	157
Amounts due from joint ventures		**53,919**	53,172	**41,340**	40,940
Interest receivable		**34,795**	27,692	**–**	–
		2,289,817	2,680,273	**146,202**	178,138
Accumulated impairment losses:					
Trade receivables	46(a)(iii)	**(21,934)**	(18,196)	**(388)**	(388)
Other receivables	46(a)(iii)	**(8,298)**	(7,367)	**(1,765)**	(1,768)
Amounts due from joint ventures	46(a)(iii)	**(52,071)**	(52,071)	**(40,000)**	(40,000)
		(82,303)	(77,634)	**(42,153)**	(42,156)
		2,207,514	2,602,639	**104,049**	135,982

Credit terms for trade receivables of the Group and of the Company range from 7 to 120 days (2022: 7 to 120 days).

Trade and other receivables pledged as security for borrowings is disclosed in Note 37(c) to the financial statements.

The amounts due from associates and joint ventures are trade in nature, unsecured, interest free and repayable within 30 days (2022: 30 days).

The Group's and the Company's currency exposure profile and concentration of credit risk are disclosed in Notes 46(a)(i) and 46(a)(iii).

27. INVENTORIES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Produce inventories:				
– palm oil products	**518,108**	644,617	**50,042**	49,294
– sugar stocks	**30,612**	19,980	**–**	–
– rubber	**–**	370	**–**	370
Trading inventories	**263,536**	132,136	**–**	–
Raw materials and consumable stores	**1,187,221**	1,174,480	**26,336**	36,024
Refined inventories:				
– work-in-progress	**502,014**	615,916	**–**	–
– finished goods	**162,427**	190,880	**–**	–
	2,663,918	2,778,379	**76,378**	85,688

Included in the inventories above are amounts of RM97.5 million of the Group (2022: RM155.4 million) and nil for the Company (2022: RM0.6 million) which are stated at net realisable value.

28. AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND RELATED PARTIES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Amounts due from subsidiaries				
– interest bearing (non-trade)	**–**	–	**123,178**	216,276
– non-interest bearing (non-trade)	**–**	–	**–**	292,122
	–	–	**123,178**	508,398
Current				
Amounts due from subsidiaries				
– interest bearing (non-trade)	**–**	–	**661,515**	35,416
– non-interest bearing (non-trade)	**–**	–	**107,314**	127,185
– non-interest bearing (trade)	**–**	–	**227,355**	399,880
	–	–	**996,184**	562,481
Amounts due from related parties				
– non-interest bearing (trade)	**124**	424	**79**	320
Amounts due to subsidiaries				
– interest bearing (non-trade)	**–**	–	**(1,572,107)**	(1,040,954)
– non-interest bearing (non-trade)	**–**	–	**(264,178)**	(228,564)
– non-interest bearing (trade)	**–**	–	**(61,344)**	(978,104)
	–	–	**(1,897,629)**	(2,247,622)
Amounts due to related parties				
– non-interest bearing (trade)	**(13,677)**	(9,886)	**(6,951)**	(6,328)

The amounts presented above are net of impairment. The accumulated impairment on the amounts due from subsidiaries (non-trade) is disclosed in Note 46(a)(iii)(C).

Notes to the Financial Statements
For the financial year ended 31 December 2023

28. AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND RELATED PARTIES (CONTINUED)

Interest rates per annum

	COMPANY	
	2023 %	2022 %
Non-current		
Amounts due from subsidiaries	**3.89 – 5.92**	2.41 – 4.38
Current		
Amounts due from subsidiaries	**3.38 – 4.27**	2.72 – 4.45
Amounts due to subsidiaries	**3.86 – 5.92**	0.45 – 4.38

The amounts due from/(to) subsidiaries and related parties are unsecured whilst the non-current amounts are payable after 12 months and all current amounts are repayable on demand. The amounts due from subsidiaries and related parties are neither past due nor impaired, except as disclosed in Note 46(a)(iii)(C).

The Group's and the Company's currency exposure profile and concentration of credit risk are disclosed in Notes 46(a)(i) and 46(a)(iii).

29. DERIVATIVES

The Group's derivatives are as follows:

	GROUP		
	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
2023			
Current			
Cash flow hedges:			
– forward foreign exchange contracts	955,186	3,236	(8,774)
– commodities futures contracts	63,911	9,627	–
	1,019,097	12,863	(8,774)
Non-hedging derivatives:			
– forward foreign exchange contracts	407,585	8,081	(5,284)
– commodities futures contracts	189,297	7,311	(4,272)
– commodities forward contracts	385,709	5,384	(435)
	982,591	20,776	(9,991)
	2,001,688	33,639	(18,765)

29. DERIVATIVES (CONTINUED)

The Group's derivatives are as follows (continued):

	GROUP		
	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
2022			
Current			
Cash flow hedges:			
– forward foreign exchange contracts	1,366,170	7,624	(26,164)
– commodities futures contracts	175,881	26,176	–
	1,542,051	33,800	(26,164)
Non-hedging derivatives:			
– forward foreign exchange contracts	771,793	7,040	(1,221)
– commodities futures contracts	162,755	11,314	(9,575)
– commodities forward contracts	931,327	104,744	(24,834)
	1,865,875	123,098	(35,630)
	3,407,926	156,898	(61,794)

The Company's derivatives are as follows:

	COMPANY		
	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
2023			
Current			
Cash flow hedges:			
– forward foreign exchange contracts	**78,571**	**–**	**(347)**

Notes to the Financial Statements
For the financial year ended 31 December 2023

29. DERIVATIVES (CONTINUED)

(a) Forward foreign exchange contracts

The Group has forward foreign exchange contracts in place with a notional value that are designated and effected as cash flow hedges. These contracts are expected to cover the Group's exposures ranging from 1 month to 12 months (2022: 1 month to 12 months) and the Company's exposures ranging from 1 month to 6 months (2022: nil).

These derivatives are entered into to hedge certain risks as described in Note 46(a). Whilst all derivatives entered into provide economic hedges to the Group, non-hedging derivatives are instruments that do not qualify for the application of hedge accounting under the specific rules in MFRS 9.

As at end of the financial year, forward foreign exchange contracts designated as cash flow hedges have been entered into with the following notional amounts and maturities:

	Within 1 year	
	2023 RM'000	2022 RM'000
GROUP		
Forward contracts used to hedge anticipated sales		
– United States Dollar	**189,699**	201,759
– European Union Euro	**25,246**	13,071
– United Kingdom Pound	**27,380**	52,321
Forward contracts used to hedge receivables		
– United States Dollar	**151,363**	163,168
– European Union Euro	**2,254**	4,865
– United Kingdom Pound	**14,355**	13,714
– Singapore Dollar	**3,229**	–
Forward contracts used to hedge anticipated purchases		
– United States Dollar	**434,246**	523,834
Forward contracts used to hedge payables		
– United States Dollar	**107,414**	393,438
	955,186	1,366,170
COMPANY		
Forward contracts used to hedge anticipated sales		
– United States Dollar	**78,571**	–

(b) Commodities futures contracts

The Group enters into commodities futures contracts to hedge the variability in cash flows attributable to the movement in the CPO price in the forecasted sales contracts (forward sales of commodities at a fixed contracted price and for a defined quantity set at a future date). As the change in fair value of the hedging instrument is expected to move in the opposite direction of the change in fair value of the hedged items, there is an economic relationship. Hedge effectiveness is assessed at the inception of the hedge and at each reporting date.

29. DERIVATIVES (CONTINUED)

(b) Commodities futures contracts (continued)

The possible sources of ineffectiveness include:

– changes in net committed purchase and sale positions;

– significant change in credit risk of either party to the hedge relationship; and

– difference in timing of the realisation of the commodity contracts with the hedge items.

As at end of the financial year, commodities futures contracts designated as cash flow hedges have been entered into with the following notional amounts and maturities:

	Within 1 year	
	2023 RM'000	**2022 RM'000**
GROUP		
Commodities futures contracts – selling	**63,911**	175,881

During the financial year, the Group's hedge ineffectiveness for commodities futures contracts amounted to RM14.1 million (2022: RM62.6 million).

30. BANK BALANCES, DEPOSITS AND CASH

	GROUP		COMPANY	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Deposits with licensed banks	**304,760**	164,136	**37**	24,036
Cash and bank balances	**525,622**	470,857	**100,663**	81,736
	830,382	634,993	**100,700**	105,772
Effective average annual interest rates applicable during the financial year are as follows:				
	%	**%**	**%**	**%**
Deposits with licensed banks	**4.10**	2.53	**2.76**	2.66

The maturity period for deposits with licensed banks of the Group and the Company range from 1 to 90 days (2022: 1 to 90 days) and 90 days (2022: 5 days) respectively.

Bank balances are non-interest bearing deposits held at call with banks.

The currency exposure profile is disclosed in Note 46(a)(i).

Notes to the Financial Statements
For the financial year ended 31 December 2023

31. ASSETS AND LIABILITIES HELD FOR SALE

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Non-current assets held for sale					
– property, plant and equipment	31(a)	**15,111**	20,108	**32,599**	19,583
Disposal group held for sale					
– property, plant and equipment		**111,827**	250,120	**–**	–
– right-of-use assets		**1,242**	28,086	**–**	–
– tax assets		**16,515**	106,872	**–**	–
– receivables		**7,067**	181,404	**–**	–
– bank		**217**	11,115	**–**	–
– other assets		**13,880**	53,299	**–**	–
		165,859	651,004	**32,599**	19,583
Disposal group held for sale					
– payables		**(7,360)**	(120,347)	**–**	–
– retirement benefits		**(4,886)**	(11,807)	**–**	–
– tax liabilities		**–**	(4,829)	**–**	–
– other liabilities		**(14)**	(2,117)	**–**	–
		(12,260)	(139,100)	**–**	–
		153,599	511,904	**32,599**	19,583

(a) Proposed disposal of property, plant and equipment

During the financial year, the Group and the Company have completed the disposal of 4 parcels of land totalling 557.32 hectares, which were previously classified as non-current assets held for sale as at 31 December 2022. There are additional 8 parcels of land totalling 500.94 hectares being reclassified from property, plant and equipment to non-current assets held for sale in financial year 2023.

As at 31 December 2023, 846.1 hectares (2022: 902.5 hectares) of land approved for disposal by the Board of Directors of the Company have yet to be completed as the conditions precedent stipulated in the respective sales and purchases agreements were not met.

An assessment has been carried out to re-assess the feasibility of the sales to be completed in the next 12 months in accordance with MFRS 5 "Non-current Assets Held for Sales and Discontinued Operations" ("MFRS 5"). Based on the assessment, the proposed land disposal of 846.1 hectares as at 31 December 2023 is expected to be completed within the next 12 months subsequent to the financial year end.

(b) Proposed divestment of subsidiaries

On 16 April 2020, the Board of Directors had approved a proposed divestment of the entire equity interest in PT Sedjahtera Indo Agro ("PT SIA"). There were potential buyers seeking to buy the subsidiaries, however no sales were concluded yet. The Group is still actively seeking for suitable buyers and the transaction is expected to be completed within the next 12 months subsequent to the financial year end.

31. ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

(c) Completed divestment of subsidiaries

PT Anugerah Sumbermakmur ("ASM") and PT Minamas Gemilang ("PT MGG") (PT ASM and PT MGG collectively, "Sellers"), both wholly-owned indirect subsidiaries of Sime Darby Plantation Berhad ("SD Plantation") had, on 31 July 2023, completed the disposal of the Sellers' cumulative 100% equity interest in PT Ladangrumpun Suburabadi ("PT LSI") and PT Sajang Heulang ("PT SHE") for a total cash consideration of IDR1.88 trillion (equivalent to approximately RM571 million).

Details of the assets, liabilities and net cashflow arising from the disposal of the subsidiaries are as follows:

	2023 RM'000
Consideration received	**571,254**
Less: Incidental cost of disposal	**–**
Proceeds from disposal, net of transaction costs	**571,254**
Net assets/(liabilities) disposed	
– Property, plant and equipment	**153,105**
– Right-of-use assets	**25,968**
– Receivables and prepayments	**43,423**
– Inventories	**2,014**
– Deferred tax assets	**52,048**
– Bank	**14**
– Payables	**(5,531)**
– Intangible assets	**32,826**
Net assets disposed	**303,867**
Gain on disposal of subsidiaries before reclassification of foreign currency translation reserve	**267,387**
Reclassification of foreign currency translation reserve	**22,796**
Gain on disposal of the subsidiaries	**290,183**
Consideration received, net of transaction costs	**571,254**
Less: Cash and cash equivalent in the subsidiaries	**(14)**
Net cash outflow from disposal of the subsidiaries	**571,240**

32. SHARE CAPITAL

	GROUP/COMPANY			
	Number of shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
Issued and fully paid ordinary shares with no par value:				
At 1 January/31 December	**6,915,714**	6,915,714	**1,633,790**	1,633,790

Notes to the Financial Statements
For the financial year ended 31 December 2023

33. RESERVES

		GROUP						
	Note	Hedging reserve RM'000	Capital reserve RM'000	Investments at FVOCI reserve RM'000	Exchange reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000
2023								
At 1 January 2023		**9,516**	**9,048**	**20,146**	**716,128**	**(17,696)**	**13,996,297**	**14,733,439**
Profit for the financial year		**–**	**–**	**–**	**–**	**–**	**1,860,040**	**1,860,040**
Total other comprehensive (loss)/income for the financial year		**(1,083)**	**–**	**617**	**591,203**	**–**	**(15,988)**	**574,749**
Disposal of subsidiaries	31(c)	**–**	**–**	**–**	**(22,796)**			**(22,796)**
Transactions with equity holders:								
– dividends	14	**–**	**–**	**–**	**–**	**–**	**(1,036,666)**	**(1,036,666)**
At 31 December 2023		**8,433**	**9,048**	**20,763**	**1,284,535**	**(17,696)**	**14,803,683**	**16,108,766**
2022								
At 1 January 2022		(126,172)	9,048	26,739	645,437	(17,696)	13,016,976	13,554,332
Profit for the financial year		–	–	–	–	–	2,488,075	2,488,075
Total other comprehensive income/(loss) for the financial year		135,688	–	(6,593)	70,691	–	38,982	238,768
Transactions with equity holders:								
– dividends	14	–	–	–	–	–	(1,547,736)	(1,547,736)
At 31 December 2022		9,516	9,048	20,146	716,128	(17,696)	13,996,297	14,733,439

33. RESERVES (CONTINUED)

		COMPANY			
	Note	Investments at FVOCI reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
2023					
At 1 January 2023		**21,232**	**(57)**	**8,157,555**	**8,178,730**
Profit for the financial year		**–**	**–**	**1,837,522**	**1,837,522**
Total other comprehensive income for the financial year		**629**	**–**	**681**	**1,310**
Transactions with equity holders:					
– dividends	14	**–**	**–**	**(1,036,666)**	**(1,036,666)**
At 31 December 2023		**21,861**	**(57)**	**8,959,092**	**8,980,896**
2022					
At 1 January 2022		24,965	3	9,173,067	9,198,035
Profit for the financial year		–	–	532,224	532,224
Total other comprehensive loss for the financial year		(3,733)	(60)	–	(3,793)
Transactions with equity holders:					
– dividends	14	–	–	(1,547,736)	(1,547,736)
At 31 December 2022		21,232	(57)	8,157,555	8,178,730

The description of each reserve is as follows.

Hedging reserve

Hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. Amounts are subsequently reclassified to profit or loss as appropriate.

Exchange reserve

Exchange reserve consists of:

i) Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income, and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of; and

ii) Foreign exchange differences arising from the translation of monetary items designated as hedge of net investment in a foreign operation, as described in Note 46(a)(i).

Notes to the Financial Statements
For the financial year ended 31 December 2023

34. PERPETUAL SUKUK

	GROUP/COMPANY	
	2023 RM'000	**2022 RM'000**
At 1 January	**2,230,717**	2,231,398
Profit attributable to Perpetual Sukuk holders	**124,300**	124,300
Distribution to Perpetual Sukuk holders	**(123,959)**	(124,981)
At 31 December	**2,231,058**	2,230,717

On 23 June 2017, the RM2.2 billion nominal value of Perpetual Subordinated Sukuk ("Perpetual Sukuk") was novated by Sime Darby Berhad, the former immediate holding company to the Company. See Note 47 for the rating of the Perpetual Sukuk.

The Perpetual Sukuk is accounted for as an equity instrument as there is no contractual obligation to redeem the instrument and pay periodic distribution. The salient features of the Perpetual Sukuk are as follows:

a. Unsecured and is issued under the Islamic principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah") where the Company is to manage a Wakalah portfolio on behalf of the Perpetual Sukuk holders. The Wakalah portfolio comprises certain assets of the Group (see Note 18(a)) and investments in commodities in accordance with the Shariah Principle of Ijarah and Murabahah.

b. Carries an initial fixed periodic distribution rate of 5.65% per annum payable on a semi-annual basis in arrears. The periodic distribution rate will be reset on 24 March 2026 to the then prevailing 10-year Malaysian Government Securities ("MGS") benchmark rate plus 1.75% ("Initial Spread") and 1.00% ("Step-Up Margin") at every 10 years thereafter.

c. No fixed redemption date but the Company has the option to redeem at the end of the tenth year from the date of issue and on each subsequent semi-annual periodic distribution date.

d. The expected periodic distribution amount may be deferred by the Company to perpetuity as long as no discretionary dividend distribution or other payment has been declared by the Company in respect of any of the Company's ordinary shares.

e. The Company also has the option to redeem the Perpetual Sukuk under the following circumstances:
   (i) Accounting Event – if the Perpetual Sukuk is or will no longer be recorded as equity as a result of changes to accounting standards;
   (ii) Tax Event – if the Company is or will become obliged to pay additional amount due to changes in tax laws or regulations;
   (iii) Tax Deductibility Event – if distribution made would not be fully deductible for income tax purposes as a result of changes in tax laws or regulations or changes to official interpretation or pronouncement that provides for a position with respect to such laws or regulations; and
   (iv) Rating Event – if the equity credit is lower than initially assigned to the Perpetual Sukuk as a result of changes in equity credit criteria, guidelines or methodology of rating agency.

The Perpetual Sukuk holders do not have any voting rights in the Company and rank in priority to holders of ordinary shares, but subordinated to the claims of present and future creditors of the Company. Perpetual Sukuk holders' entitlement is accounted for as an appropriation in profit or loss and distribution is recognised in the statement of changes in equity in the reporting period in which it is declared.

35. NON-CONTROLLING INTERESTS

The subsidiaries of the Group that have non-controlling interests, which, in the opinion of the Directors, are material to the Group are as follows:

Name of subsidiaries	Proportion of equity held by owners of non-controlling interests (%)		Place of business/ Country of incorporation
	2023	2022	
Subsidiaries of PT Minamas Gemilang:			
– PT Kartika Inti Perkasa	**40.00**	40.00	Indonesia
– PT Sritijaya Abaditama	**40.00**	40.00	Indonesia
– PT Asricipta Indah	**10.00**	10.00	Indonesia
– PT Bersama Sejahtera Sakti	**8.88**	8.88	Indonesia
– PT Laguna Mandiri	**11.44**	11.44	Indonesia
– PT Indotruba Tengah	**50.00**	50.00	Indonesia
– PT Tunggal Mitra Plantations	**40.00**	40.00	Indonesia
– PT Tamaco Graha Krida	**10.00**	10.00	Indonesia
– PT Bahari Gembira Ria	**0.03**	0.03	Indonesia
Subsidiary of New Britain Palm Oil Limited:			
– Guadalcanal Plains Palm Oil Limited	**20.00**	20.00	Solomon Islands
Wangsa Mujur Sdn. Bhd. (Group):			
– Wangsa Mujur Sdn. Bhd.	**27.50**	27.50	Malaysia
– Charquest Sdn. Bhd.	**38.88**	38.88	Malaysia

There are no significant restrictions on the ability of these subsidiaries to transfer funds to the Group in the form of cash dividends.

The summarised financial information of the subsidiaries that have non-controlling interests to the Group is based on amounts before intercompany elimination.

Notes to the Financial Statements
For the financial year ended 31 December 2023

35. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information

The summarised statements of comprehensive income and dividends paid by each subsidiary that has non-controlling interests to the Group are as follows:

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiary of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn. Bhd. (Group) RM'000	Others RM'000	Total RM'000
2023					
Revenue	**1,210,373**	**150,679**	**76,263**	**3,245,981**	**4,683,296**
Profit for the financial year	**156,134**	**11,247**	**3,783**	**14,847**	**186,011**
Other comprehensive (loss)/income	**(992)**	**–**	**336**	**53,720**	**53,064**
Total comprehensive income	**155,142**	**11,247**	**4,119**	**68,567**	**239,075**
Profit attributable to non-controlling interests	**43,104**	**1,532**	**377**	**4,026**	**49,039**
Dividends paid to non-controlling interests	**(50,208)**	**(3,212)**	**–**	**(621)**	**(54,041)**
2022					
Revenue	1,304,852	199,868	98,581	3,982,866	5,586,167
Profit for the financial year	285,578	55,173	19,034	28,980	388,765
Other comprehensive income/(loss)	4,880	–	–	(20,356)	(15,476)
Total comprehensive income	290,458	55,173	19,034	8,624	373,289
Profit attributable to non-controlling interests	65,574	9,971	4,455	(9,105)	70,895
Dividends paid to non-controlling interests	(62,077)	(8,026)	(7,177)	(1,001)	(78,281)

35. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information (continued)

The summarised statements of financial position of each subsidiary that has non-controlling interests to the Group are as follows:

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiary of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn. Bhd. (Group) RM'000	Others RM'000	Total RM'000
2023					
Non-current assets	**1,454,586**	**197,541**	**302,828**	**611,424**	**2,566,379**
Current assets	**453,575**	**120,930**	**19,205**	**780,257**	**1,373,967**
Non-current liabilities	**(42,676)**	**(43,551)**	**(62,214)**	**(283,667)**	**(432,108)**
Current liabilities	**(593,414)**	**(10,357)**	**(21,354)**	**(438,046)**	**(1,063,171)**
Net assets	**1,272,071**	**264,563**	**238,465**	**669,968**	**2,445,067**
Non-controlling interests' share of net assets	**254,453**	**66,691**	**87,604**	**24,051**	**432,799**
2022					
Non-current assets	1,243,338	183,702	284,129	543,174	2,254,343
Current assets	402,526	124,144	28,682	720,675	1,276,027
Non-current liabilities	(32,823)	(41,039)	(63,959)	(226,745)	(364,566)
Current liabilities	(387,675)	(8,427)	(14,506)	(406,365)	(816,973)
Net assets	1,225,366	258,380	234,346	630,739	2,348,831
Non-controlling interests' share of net assets	246,778	71,542	87,134	12,614	418,068

Notes to the Financial Statements
For the financial year ended 31 December 2023

35. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information (continued)

The summarised statements of cash flows of each subsidiary that has non-controlling interests that are material to the Group are as follows:

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiary of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn. Bhd. (Group) RM'000
2023			
Cash flows from operating activities			
Cash generated from operations	**360,094**	**50,107**	**23,102**
Tax paid	**(79,821)**	**(4,315)**	**(271)**
Interest received	**–**	**408**	**–**
Net cash from operating activities	**280,273**	**46,200**	**22,831**
Net cash used in investing activities	**(190,173)**	**(18,979)**	**(31,620)**
Net cash (used in)/from financing activities	**(139,190)**	**(16,658)**	**2,704**
Net (decrease)/increase in cash and cash equivalents	**(49,090)**	**10,563**	**(6,085)**
Exchange differences	**4,742**	**394**	**–**
Cash and cash equivalents at beginning of the financial year	**79,492**	**7,180**	**7,399**
Cash and cash equivalents at end of the financial year	**35,144**	**18,137**	**1,314**
2022			
Cash flows from operating activities			
Cash generated from operations	439,666	80,567	48,847
Tax paid	(115,971)	(18,958)	(1,293)
Interest received	–	431	–
Net cash from operating activities	323,695	62,040	47,554
Net cash used in investing activities	(124,953)	(12,508)	(43,232)
Net cash used in financing activities	(203,482)	(45,878)	(10,888)
Net (decrease)/increase in cash and cash equivalents	(4,740)	3,654	(6,566)
Exchange differences	(2,875)	64	–
Cash and cash equivalents at beginning of the financial year	87,107	3,462	13,965
Cash and cash equivalents at end of the financial year	79,492	7,180	7,399

36. RETIREMENT BENEFITS

The Group operates:

- funded and unfunded defined benefit plans for its employees in Indonesia;
- unfunded defined benefit plans for its employees in Malaysia and Thailand; and
- funded defined benefit plans for its employees in Netherlands.

The employees in Malaysia are covered under collective agreements with the following unions:

- All Malayan Estates Staff Union ("AMESU")
- National Union of Plantation Workers ("NUPW")
- Sabah Plantation Industry Employees Union ("SPIEU")
- Food Industries Employees Union ("FIEU")

36. RETIREMENT BENEFITS (CONTINUED)

Subsidiary companies in Indonesia operate a defined benefit scheme for its qualified permanent employees funded through monthly contributions to pension plan administered by Dana Pensiun Lembaga Keuangan Manulife Indonesia and Dana Pensiun Lembaga Keuangan Allianz Indonesia.

Subsidiaries in Thailand operate a wholly unfunded defined benefit scheme, in respect of the Statutory Severance Pay Plan prescribed under Section 118, Chapter 11 of the Labour Protection Act B.E. 2541 (1998).

One of the Group's subsidiaries in Netherlands has a defined benefit scheme for non-active participants only, managed by Aegon N.V. ("AEGON"). The conditions of the Dutch Pension Act are applicable to the scheme.

The latest actuarial valuations of the plans in Malaysia and Indonesia were completed on 22 February 2024 and 5 February 2024, respectively.

The movements during the financial year in the amounts recognised in the statements of financial position are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current liabilities				
At 1 January	**157,773**	184,116	**50,629**	52,634
Charge for the financial year	**29,334**	19,224	**8,745**	6,606
Actuarial losses/(gains) recognised in other comprehensive income	**13,965**	(18,292)	**(896)**	–
Contributions and benefits paid	**(12,203)**	(23,586)	**(9,549)**	(8,611)
Transfers to current retirement benefits	**(2,580)**	(1,126)	**–**	–
Exchange differences	**4,426**	(2,563)	**–**	–
At 31 December	**190,715**	157,773	**48,929**	50,629
Current liabilities				
At 1 January	**15,303**	12,843	**–**	–
Charge for the financial year	**10,087**	11,208	**–**	–
Actuarial losses recognised in other comprehensive income	**(82)**	–	**–**	–
Contributions and benefits paid	**(8,737)**	(9,322)	**–**	–
Transfers from non-current retirement benefits	**2,580**	1,126	**–**	–
Exchange differences	**1,057**	(552)	**–**	–
At 31 December	**20,208**	15,303	**–**	–

Notes to the Financial Statements
For the financial year ended 31 December 2023

36. RETIREMENT BENEFITS (CONTINUED)

The amounts recognised on the statements of financial position are determined as follows:

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Present value of funded obligations	36(a)	**108,144**	88,072	**–**	–
Fair value of plan assets	36(b)	**(360,778)**	(332,878)	**–**	–
		(252,634)	(244,806)	**–**	–
Present value of unfunded obligations	36(a)	**463,557**	417,882	**48,929**	50,629
Net liabilities		**210,923**	173,076	**48,929**	50,629

The expenses recognised in statements of profit or loss are analysed as follows:

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Current service cost		**15,538**	16,948	**2,832**	2,922
Past service cost		**14,274**	15	**1,922**	–
Interest cost		**8,187**	4,838	**1,762**	1,773
Expected return on plan assets		**(10,659)**	(4,211)	**–**	–
Contracted gratuity		**12,715**	12,842	**2,838**	1,911
Curtailment		**(634)**	–	**(609)**	–
Total included in employee costs	6(d)	**39,421**	30,432	**8,745**	6,606

(a) Changes in the present value of defined benefit (funded and unfunded) obligations

	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
At 1 January	**505,954**	631,803	**50,629**	52,634
Current service cost	**15,538**	16,948	**2,832**	2,922
Past service cost	**14,274**	15	**1,922**	–
Interest cost	**8,187**	4,838	**1,762**	1,773
Contracted gratuity	**12,715**	12,842	**2,838**	1,911
Curtailment	**(634)**	–	**(609)**	–
Benefits paid	**(32,062)**	(41,857)	**(9,549)**	(8,611)
Actuarial losses/(gains) recognised in other comprehensive income	**12,044**	(111,603)	**(896)**	–
Exchange differences	**35,685**	(7,032)	**–**	–
At 31 December	**571,701**	505,954	**48,929**	50,629

36. RETIREMENT BENEFITS (CONTINUED)

(b) Changes in the fair value of plan assets

	GROUP 2023 RM'000	GROUP 2022 RM'000
At 1 January	**332,878**	434,844
Expected return on plan assets	**10,659**	4,211
Actuarial losses due to actual experience	**(1,839)**	(93,311)
Benefits paid	**(11,122)**	(8,949)
Exchange differences	**30,202**	(3,917)
At 31 December	**360,778**	332,878

The range of principal assumptions used in respect of the Group's and the Company's defined benefit plans are as follows:

	GROUP 2023 %	GROUP 2022 %
Expected return on plan assets (per annum)	**3.7**	3.1
Discount rates (per annum)	**4.0 – 7.0**	2.0 – 8.3
Expected rate of salary increases (per annum)	**1.5 – 6.5**	1.5 – 6.8

	COMPANY 2023 %	COMPANY 2022 %
Discount rates (per annum)	**4.5**	4.0
Expected rate of salary increases (per annum)	**6.0**	6.0

Notes to the Financial Statements
For the financial year ended 31 December 2023

37. BORROWINGS

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Unsecured				
– term loans	**2,374,188**	1,197,041	**2,364,188**	1,171,572
– revolving credits-i	**710,000**	1,973,703	**710,000**	1,973,703
– bonds	**512,890**	470,107	**–**	–
– unamortised deferred financing expenses	**(15,392)**	(8,164)	**(15,418)**	(7,880)
	3,581,686	3,632,687	**3,058,770**	3,137,395
Current				
Secured				
– trade facilities	**120**	44,577	**–**	–
Unsecured				
– term loans	**73,744**	245,296	**57,612**	229,827
– revolving credits	**1,630,721**	1,633,975	**994,395**	1,366,938
– multi-currency Sukuk	**–**	541,423	**–**	–
– unamortised deferred financing expenses	**(3,968)**	(1,470)	**(3,646)**	(1,076)
	1,700,617	2,463,801	**1,048,361**	1,595,689
Total borrowings	**5,282,303**	6,096,488	**4,107,131**	4,733,084

The currency exposure profile is disclosed in Note 46(a)(i).

The breakdown of the unamortised deferred financing expenses is as follows:

	Note	GROUP		COMPANY	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January		**9,634**	16,142	**8,956**	14,006
Drawdown		**15,555**	–	**15,555**	–
Amortisation	10	**(5,829)**	(6,508)	**(5,447)**	(5,050)
At 31 December		**19,360**	9,634	**19,064**	8,956

(a) Multi-currency Sukuk

During the financial year, the outstanding balance for the Multi-currency Sukuk of USD122.5 million was fully paid on 27 January 2023 upon maturity. The repayment was funded through the Group's existing unutilised revolving credit facilities.

(b) Bonds

The N-bonds amounting to EUR100 million shall be repayable at a nominal amount on 12 August 2030.

37. BORROWINGS (CONTINUED)

(c) Trade facilities

For trade facilities, the factoring agreement is entered into with maximum limit of EUR75 million with an availability period of up to 12 months from the signing date, and is renewable for the same period of time, unless the agreement is terminated by one of the parties.

Borrowings amounting to RM0.1 million (2022: RM44.6 million) are secured by fixed charge on trade receivables of the Group of an equivalent amount.

(d) Other information

(i) The average annual effective interest rates by currency profile of the borrowings are as follows:

	GROUP	
	2023 %	2022 %
Floating interest rates		
Term loans		
– Ringgit Malaysia	**4.11 – 4.81**	2.80 – 4.50
– United States Dollar	**6.17 – 6.65**	0.88 – 5.88
Revolving credits		
– Ringgit Malaysia	**3.75 – 3.86**	2.31 – 3.90
– United States Dollar	**5.25 – 6.29**	0.71 – 5.06
– United Kingdom Pound	**4.26**	4.26
– Thailand Baht	**–**	1.30 – 2.59
– European Union Euro	**3.76**	1.03
Trade facilities		
– European Union Euro	**4.18**	2.57
Fixed interest rates		
Bonds		
– European Union Euro	**2.90**	2.90
Distribution rate		
Multi-currency Sukuk		
– United States Dollar	**–**	3.29

	COMPANY	
	2023 %	2022 %
Floating interest rates		
Term loans		
– Ringgit Malaysia	**4.11 – 4.81**	2.80
– United States Dollar	**6.17 – 6.33**	2.47 – 2.92
Revolving credits		
– Ringgit Malaysia	**3.75 – 3.86**	2.31 – 3.90
– United States Dollar	**5.99 – 6.10**	1.25 – 3.89

Notes to the Financial Statements
For the financial year ended 31 December 2023

37. BORROWINGS (CONTINUED)

(d) Other information (continued)

(ii) The maturity periods of borrowings are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Not later than 1 year	**1,700,617**	2,463,801	**1,048,361**	1,595,689
Later than 1 year but not later than 2 years	**279,023**	2,516,477	**275,871**	2,500,667
Later than 2 years but not later than 5 years	**1,989,774**	644,228	**1,985,161**	636,728
More than 5 years	**1,312,889**	471,982	**797,738**	–
	5,282,303	6,096,488	**4,107,131**	4,733,084

The fair values of borrowings approximate their carrying values as the impact of discounting is not significant. It is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile and is within Level 2 of the fair value hierarchy.

38. DEFERRED INCOME

	GROUP	
	2023 RM'000	2022 RM'000
Non-current		
Government grant	**427**	490

The government grants are received in relation to the purchase of property, plant and equipment and right-of-use assets, leasehold land of certain subsidiaries. Grants are treated as deferred income and allocated to profit or loss over the useful lives of the related assets or over the period of the operating expenditure to which the grants are intended to compensate.

39. CONTRACT LIABILITIES

	GROUP	
	2023 RM'000	2022 RM'000
Current		
Deferred freight income	**24,050**	35,273
Significant changes of the deferred freight income during the financial year are as follows:		
Revenue recognised that was deferred from previous financial year	**35,273**	23,882
Consideration received for freight services that are partially or fully unsatisfied at the end of the financial year	**24,050**	35,273

40. TRADE AND OTHER PAYABLES

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Non-current					
Other payables		**54,086**	39,885	**–**	–
Financial guarantee contracts	40(a)	**2,611**	2,810	**29,544**	34,837
		56,697	42,695	**29,544**	34,837
Current					
Trade payables		**1,004,570**	1,098,786	**82,930**	86,490
Accruals		**279,000**	238,069	**89,771**	58,218
Other payables		**477,739**	474,021	**176,830**	173,540
Employee related payables		**589,301**	597,648	**174,531**	189,911
Interest payable		**23,125**	21,630	**16,162**	8,726
Goods and services tax/value added tax payable		**11,316**	13,206	**–**	–
Financial guarantee contracts	40(a)	**736**	664	**5,293**	5,293
		2,385,787	2,444,024	**545,517**	522,178

In the previous year, included in the Group's and the Company's employee related payable was remediation of recruitment fees totalling RM30.6 million and RM24.1 million respectively payable to its existing workers and former workers who left the Group and the Company on or after 1 November 2018. The amount compensated to the foreign workers is calculated by an independent third party and is based on the number of workers in the Group's employ during the period and estimated charges imposed on the workers by agents, sub-agents or other parties in their countries of origin, contrary to the Group's policies and procedures. The deadline had lapsed on 30 June 2023. The Group and the Company have reversed the over provision of remediation of recruitment fees of RM25.2 million and RM19.0 million respectively during the financial year.

Credit terms for trade payables of the Group and of the Company range from 1 to 90 days (2022: 1 to 90 days).

(a) Financial guarantee contracts

The gross financial guarantees provided by the Group and the Company at the end of the financial year are as follows:

	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Guarantees in respect of credit facilities granted to:				
– joint ventures	**2,907**	3,489	**2,907**	3,489
– subsidiaries	**–**	–	**617,007**	579,172
– plasma stakeholders	**116,688**	146,212	**–**	–
	119,595	149,701	**619,914**	582,661

Notes to the Financial Statements
For the financial year ended 31 December 2023

41. SEGMENT INFORMATION – GROUP

The Company is a globally integrated plantation company which is involved in the entire span of the palm oil value chain, from upstream to downstream activities, research and development ("R&D"), renewables and agribusiness. The Group is also involved in rubber and sugarcane plantations, coconut crushing as well as beef cattle industry.

The management of the Group has determined the operating segments based on information reviewed by the Group's Plantation Leadership Committee ("PLC") which consists of the Group Managing Director ("GMD"), Group Chief Operating Officer and Managing Director, Sime Darby Oils, Chief Financial Officer, Chief Human Resources Officer, Chief Sustainability Officer, Chief Strategy & Innovation Officer, Chief Research & Development Officer, Chief Communications Officer, Chief Integrity & Assurance Officer, Group Secretary, Group General Counsel, Chief Risk Officer and Chief Digital Officer for the purposes of allocating resources and assessing performance.

The downstream segment is evaluated based on the nature of the products and services, specific expertise and technologies requirement of individual operating units. These operating units have been reported as a single segment as the disaggregation does not meet the quantitative thresholds for separate disclosures, and may exceed the practical limit of a reportable segment. The other business activities of the Group are excluded from the reportable operating segments as they are individually insignificant.

Segments comprise:

Upstream Malaysia	developing, cultivating and managing oil palm and rubber plantation estates and milling of fresh fruit bunches ("FFB") into crude palm oil ("CPO") and palm kernel ("PK")
Upstream Indonesia	developing, cultivating and managing oil palm plantation estates and milling of FFB into CPO and PK
Upstream Papua New Guinea and Solomon Islands ("PNG/SI")	developing, cultivating and managing oil palm and sugarcane plantation estates; milling of FFB into CPO and PK, refining of sugarcane, coconut oil, cattle rearing and beef production
Downstream	production and sales of refined oils and fats (which includes specialty and end-user oils and fats), sales of CPO, sales of oleochemical products, refining of coconut oils, production of biodiesel products, sales of derivatives and crushing of PK to crude palm kernel oil ("CPKO") and palm kernel expeller ("PKE")
Other operations	other operations including trading of agricultural products and services, production and/or sale of oil palm seeds and seedlings, research and breeding programmes of oil palm with special focus on genome science; and renewables business with a focus on development of green technology and renewable energy which includes bio-based chemicals, biogas and composting

Note:

(i) FFB, being the oil palm fruits which grow in bunches on oil palm trees, from which CPO and PK are obtained.

(ii) CPO, which is the oil extracted from the fibrous outer layer (mesocarp) of the oil palm fruit.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

41. SEGMENT INFORMATION – GROUP (CONTINUED)

(a) Segment results

	Note	Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Downstream RM'000	Other operations RM'000	Inter-segment elimination RM'000	Total RM'000
2023								
Segment revenue								
External		923,785	1,048,755	196,427	16,137,354	121,562	–	18,427,883
Inter-segment		3,284,739	1,485,474	2,787,613	345,939	650,698	(8,554,463)	–
		4,208,524	2,534,229	2,984,040	16,483,293	772,260	(8,554,463)	18,427,883
Segment results								
Operating profit		1,126,502	890,138	265,970	561,730	43,079	–	2,887,419
Share of results of joint ventures and associates		–	–	–	38,179	1,705	–	39,884
Profit before interest and tax		1,126,502	890,138	265,970	599,909	44,784	–	2,927,303
Finance income		3,617	10,616	698	7,105	660	–	22,696
Finance costs		(149,881)	–	–	(46,899)	(764)	–	(197,544)
Profit before tax		980,238	900,754	266,668	560,115	44,680	–	2,752,455
Tax expense		(219,989)	(184,405)	(91,889)	(155,807)	(66,986)	–	(719,076)
Profit for the financial year		760,249	716,349	174,779	404,308	(22,306)	–	2,033,379
Included in the operating profit are:								
Depreciation and amortisation	6(a)	445,944	283,159	527,344	152,271	23,313	–	1,432,031
Impairment losses of property, plant and equipment, advances for plasma plantation projects, and trade and other receivables	6(e)	24,134	881	–	5,752	4,254	–	35,021
Write off of property, plant and equipment	6(e)	13,619	4,065	–	433	96	–	18,213
Gains on disposals of property, plant and equipment and non-current assets held for sale	7	(878,296)	(290,415)	–	(41)	–	–	(1,168,752)

Notes to the Financial Statements
For the financial year ended 31 December 2023

41. SEGMENT INFORMATION – GROUP (CONTINUED)

(a) Segment results (continued)

	Note	Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Downstream RM'000	Other operations RM'000	Inter-segment elimination RM'000	Total RM'000
2022								
Segment revenue								
External		792,386	1,146,629	124,198	18,865,808	100,669	–	21,029,690
Inter-segment		3,721,968	1,438,754	3,149,017	96,377	621,675	(9,027,791)	–
		4,514,354	2,585,383	3,273,215	18,962,185	722,344	(9,027,791)	21,029,690
Segment results								
Operating profit		479,247	1,083,372	1,117,008	817,455	65,851	–	3,562,933
Share of results of joint ventures and associates		–	–	–	41,384	10,279	–	51,663
Profit before interest and tax		479,247	1,083,372	1,117,008	858,839	76,130	–	3,614,596
Finance income		3,036	5,852	1,241	1,709	465	–	12,303
Finance costs		(83,542)	–	–	(33,868)	(17,289)	–	(134,699)
Profit before tax		398,741	1,089,224	1,118,249	826,680	59,306	–	3,492,200
Tax expense		(79,882)	(197,885)	(351,791)	(152,348)	(27,024)	–	(808,930)
Profit for the financial year		318,859	891,339	766,458	674,332	32,282	–	2,683,270
Included in the operating profit/(loss) are:								
Depreciation and amortisation	6(a)	434,051	263,423	519,153	132,548	23,366	–	1,372,541
Impairment losses of property, plant and equipment, right-of-use assets, advances for plasma plantation projects, trade and other receivables, investment in a joint venture and non-current assets held for sale	6(e)	3,465	5,077	4,361	4,112	33,021	–	50,036
Write off of property, plant and equipment	6(e)	12,014	5,807	–	286	456	–	18,563
Gains on disposals of property, plant and equipment and non-current assets held for sale (net)	7	(366,589)	(2,085)	–	(85)	(10)	–	(368,769)

41. SEGMENT INFORMATION – GROUP (CONTINUED)

(b) Segment assets and liabilities and additions to non-current assets

	Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Downstream RM'000	Other operations RM'000	Inter-segment elimination RM'000	Total RM'000
2023							
Segment assets							
Operating assets	**10,324,098**	**5,713,414**	**7,918,419**	**5,975,444**	**329,381**	**–**	**30,260,756**
Joint ventures and associates	**–**	**–**	**–**	**428,291**	**39,337**	**–**	**467,628**
Non-current assets held for sale	**15,111**	**150,748**	**–**	**–**	**–**	**–**	**165,859**
	10,339,209	**5,864,162**	**7,918,419**	**6,403,735**	**368,718**	**–**	**30,894,243**
Segment liabilities							
Liabilities	**1,175,610**	**606,710**	**204,814**	**1,006,217**	**111,145**	**–**	**3,104,496**
Liabilities directly associated with non-current assets held for sale	**–**	**12,260**	**–**	**–**	**–**	**–**	**12,260**
	1,175,610	**618,970**	**204,814**	**1,006,217**	**111,145**	**–**	**3,116,756**
Additions to non-current assets are as follows:							
Capital expenditure	**942,564**	**676,756**	**354,695**	**370,214**	**46,560**	**–**	**2,390,789**
2022							
Segment assets							
Operating assets	9,978,879	5,346,106	7,950,497	5,514,404	386,951	–	29,176,837
Joint ventures and associates	–	–	–	380,780	44,349	–	425,129
Non-current assets held for sale	20,108	630,896	–	–	–	–	651,004
	9,998,987	5,977,002	7,950,497	5,895,184	431,300	–	30,252,970
Segment liabilities							
Liabilities	816,973	615,505	271,094	900,914	162,752	–	2,767,238
Liabilities directly associated with non-current assets held for sale	–	139,100	–	–	–	–	139,100
	816,973	754,605	271,094	900,914	162,752	–	2,906,338
Additions to non-current assets are as follows:							
Capital expenditure	816,538	587,979	239,177	233,664	28,324	–	1,905,682

Notes to the Financial Statements
For the financial year ended 31 December 2023

41. SEGMENT INFORMATION – GROUP (CONTINUED)

(b) Segment assets and liabilities and additions to non-current assets (continued)

Capital expenditure consists of the following:

	2023 RM'000	2022 RM'000
Property, plant and equipment	**2,280,562**	1,823,286
Right-of-use assets	**78,077**	70,363
Intangible assets other than goodwill	**32,150**	12,033
	2,390,789	1,905,682

Reconciliations of segment assets and liabilities to total assets and total liabilities are as follows:

	2023 RM'000	2022 RM'000
Assets:		
Segment total	**30,894,243**	30,252,970
Tax assets	**992,211**	895,156
	31,886,454	31,148,126
Liabilities:		
Segment total	**3,116,756**	2,906,338
Tax liabilities	**2,861,413**	2,957,021
Borrowings	**5,282,303**	6,096,488
Lease liabilities	**219,569**	172,265
	11,480,041	12,132,112

(c) Segment by geography

Revenue by location of customers is analysed as follows:

	GROUP	
	2023 RM'000	2022 RM'000
Malaysia	**4,644,078**	5,511,408
Europe	**2,984,288**	4,479,341
United Kingdom	**1,466,962**	96,733
India	**1,245,292**	1,932,538
Indonesia	**1,401,102**	1,578,246
Thailand	**1,953,730**	2,159,367
Other countries in South East Asia	**3,013,469**	3,096,124
South Africa	**786,693**	1,072,730
Papua New Guinea and Solomon Islands	**505,024**	424,027
China	**56,013**	158,258
Other countries (which are individually insignificant)	**371,232**	520,918
	18,427,883	21,029,690

41. SEGMENT INFORMATION – GROUP (CONTINUED)

(c) Segment by geography (continued)

Non-current assets, other than financial instruments and tax assets, by location of the Group's operations are analysed as follows:

	GROUP	
	2023 RM'000	2022 RM'000
Malaysia	**11,089,764**	10,501,015
Indonesia	**5,337,154**	4,629,042
Papua New Guinea and Solomon Islands	**6,957,765**	6,822,672
Thailand	**287,917**	281,992
Europe	**1,040,520**	932,853
Singapore	**6,024**	7,269
South Africa	**17,065**	16,372
	24,736,209	23,191,215

Reconciliations of non-current assets, other than financial instruments and tax assets to the total non-current assets are as follows:

	GROUP	
	2023 RM'000	2022 RM'000
Non-current assets other than financial instruments and tax assets	**24,736,209**	23,191,215
Investments at FVOCI	**23,113**	22,496
Deferred tax assets	**442,922**	495,945
Tax recoverable	**251,204**	164,244
Trade and other receivables	**58,224**	34,644
	25,511,672	23,908,544

The Group's operations are diverse in terms of the range of products and services it offers and the geographical coverage. There is no single customer that contributed 10% or more to the Group's revenue.

42. CONTINGENT LIABILITIES

There are no significant contingent liabilities as at the financial year end.

Notes to the Financial Statements
For the financial year ended 31 December 2023

43. COMMITMENTS

(a) Capital commitments

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Authorised capital expenditure not provided for in the financial statements:				
Contracted				
– property, plant and equipment	**722,751**	708,374	**131,703**	206,505

(b) Plasma plantation

The Group is committed to develop a total of 32,454 (2022: 53,182) hectares of oil palm plantation for plasma farmers in Indonesia. A total of 25,731 (2022: 43,588) hectares have been developed of which approximately 25,627 (2022: 37,582) hectares have been transferred/handed over to plasma farmers.

44. MATERIAL LITIGATIONS

Material litigations against the Group are as follows:

(a) New Britain Palm Oil Limited ("NBPOL") v. Masile Incorporated Land Group ("Masile"), NBPOL v. Rikau Incorporated Land Group ("Rikau") & NBPOL v. Meloks Incorporated Land Group ("Meloks") (collectively, "Defendants")

NBPOL, a wholly-owned subsidiary of SD Plantation, had on 31 August 2011 initiated 3 separate legal actions against the Defendants in the National Court of Justice at Waigani, Papua New Guinea (Court). All 3 actions relate to the same cause of action whereby the Defendants had defaulted in their obligations to surrender their Special Agricultural Business Leases (SABL) to NBPOL for registration of the sub-leases despite having received benefits from NBPOL under the sub-lease agreements (SLA). Such benefits received by the Defendants include rental paid by NBPOL for 3,720 Ha of land under the SABL (Land), royalties for the FFB harvested from the Land, and 31,250 ordinary shares in NBPOL respectively issued to each of the Defendants.

On 25 June 2018, the Court rendered its decision on NBPOL's claims against Meloks in NBPOL's favour. In its decision, the Court declared the SLA entered into between NBPOL and Meloks to be valid and an order of specific performance was made against Meloks to deliver the SABL to NBPOL and to do all acts and things necessary to enable NBPOL to register the SLA entered into between NBPOL and Meloks. On 10 October 2018, Meloks surrendered the SABL to NBPOL. However, in view that Meloks had laminated the SABL, Meloks had to execute an application for the official copy of the SABL which NBPOL lodged with the registrar of titles together with NBPOL's application for registration of the SLA. The laminated plastic has since dislodged from Melok's SABL. However, NBPOL and Meloks are in the process of executing a new SLA to facilitate the registration of the SLA as the date of the SLA has to be the same or after the date of the SABL.

Masile and Rikau were considering whether to continue defending against NBPOL's claims in view of the Court's decision on the trial relating to NBPOL's claims against Meloks or to conclude on the same basis as Meloks given that the facts, issues and evidences are similar. Parties then agreed to enter into Consent Court Orders (CCOs) on terms similar to the order made in respect of Meloks and the CCOs were formally endorsed by the Court on 15 December 2020. Masile and Rikau surrendered their respective SABLs to NBPOL on 30 July 2020. However, the SABL received from Masile was laminated whilst the SABL received from Rikau is a copy and therefore NBPOL had to obtain the official copy of the SABLs and compile the relevant documents (including execution of new SLAs) before it could proceed with the registration of the SLAs. The issues related to the lamination of Masile's SABL and obtaining an official copy of Rikau's SABL as stated above have been resolved.

The Defendants have affirmed their intention to re-execute the SLAs with NBPOL. The SLAs have been reviewed by NBPOL's lawyers and based on NBPOL's meeting with the Defendants on 12 February 2024, the Defendants have reaffirmed their wilingness to execute the revised SLAs. NBPOL is preparing the documentation affirming the outcome of the meeting on 12 February 2024 and execution of the revised SLAs.

44. MATERIAL LITIGATIONS (CONTINUED)

Material litigations against the Group are as follows: (continued)

(b) Chantico Ship Management Ltd ("Chantico") vs. Sime Darby Oils Zwijndrecht Refinery B.V. (formerly known as Sime Darby Unimills B.V.) ("SDOZR")

SDOZR, an indirect wholly-owned subsidiary of SD Plantation, is involved in litigation in respect of a vessel known as the mv Geraki (formerly known as mv Cap Thanos). This vessel was carrying vegetable oils for 9 different cargo owners (7 European cargo owners including SDOZR, and 2 Algerian cargo owners). The percentage of SDOZR's cargo on board was about 14.4%. The vessel was auctioned and in April 2011 was sold to Chantico. All cargo were eventually discharged in April/May 2013. Beginning in 2012, Chantico started various proceedings against the cargo owners.

The following two lawsuits proceeded to trial:

(i) Proceedings before the Court of Piraeus which started in October 2014 ("Lawsuit 1")

The claims by Chantico are based on alleged actions in tort (i.e. alleged delay of discharge of cargo) and the current total amount claimed from all 9 cargo owners, jointly and severally, is EUR6 million (approximately RM30.8 million). The hearing for Lawsuit 1 concluded on 25 September 2018.

(ii) Proceedings before the Court of Piraeus which started in December 2015 ("Lawsuit 2")

The claim in these proceedings is based on the alleged damage to the vessel and loss of profit caused by the alleged actions in tort during transshipment and heating of the cargo. The claim against the 9 cargo owners and the third party, jointly and severally, amounts to EUR9.3 million (approximately RM47.7 million) and an additional claim was filed against all cargo owners, jointly and severally, of EUR380,000 (approximately RM1.9 million) for port and anchorage dues. The hearing for Lawsuit 2 concluded on 25 September 2018.

On 25 November 2020 the Court of Piraeus rendered its judgement dismissing all of Chantico's claims in Lawsuit 1 and Lawsuit 2. Chantico appealed to the Piraeus Court of Appeal and the appeals for Lawsuit 1 and Lawsuit 2 were heard on 17 November 2022. On 29 January 2024, SDOZR was informed that the Piraeus Court of Appeal dismissed Chantico's appeal in both Lawsuit 1 and Lawsuit 2. The judgment of the Piraeus Court of Appeal is subject to appeal to the Supreme Court on issues of law only and the time limit to file an appeal is 60 days from the date of service of the judgment on Chantico. SDOZR's Greek lawyer will be serving the judgment of the Piraeus Court of Appeal on Chantico as soon as possible. SDOZR's Greek lawyer estimates the exposure of SDOZR (and all of the other 8 cargo owners, jointly and severally) at EUR2.4 million (approximately RM12.3 million) for Lawsuit 1 and EUR192,000 (approximately RM1.0 million) for Lawsuit 2, all amounts inclusive of interest. As at this juncture, adequate provision has been made.

45. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS

The immediate and ultimate holding companies of the Company are Permodalan Nasional Berhad ("PNB") and Yayasan Pelaburan Bumiputra ("YPB"), which are incorporated in Malaysia.

Transactions entered into for the respective financial year under review, with companies in which PNB and YPB have significant interest, include the sales and purchases of goods and services.

These related party transactions were entered into in the ordinary course of business on negotiated trade terms and conditions and do not require the approval of shareholders.

Notes to the Financial Statements
For the financial year ended 31 December 2023

45. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(a) Transactions with associates				
(i) Purchase of palm oil				
– Thai Eastern Trat Co., Ltd.	**75,553**	143,869	**–**	–
(ii) Purchase of latex concentrate				
– Muang Mai Guthrie Public Company Limited	**798**	14,927	**–**	14,567
(iii) Corporate social responsibility donation paid				
– Yayasan Sime Darby	**30,000**	52,000	**2,500**	6,570
(b) Transactions with subsidiaries				
(i) Sales of goods				
– Sime Darby Oils Commodities Sdn Bhd	**–**	–	**1,945,726**	1,761,577
– Sime Darby Oils Port Klang Refinery Sdn Bhd	**–**	–	**297,919**	352,608
– Sime Darby Oils Carey Island KCP Sdn Bhd	**–**	–	**213,669**	217,965
– Sime Darby Oils Biodiesel Sdn Bhd	**–**	–	**68,287**	57,682
– The China Engineers (Malaysia) Sdn Bhd	**–**	–	**58,251**	75,736
(ii) Research expenses				
– Sime Darby Plantation Technology Centre Sdn Bhd	**–**	–	**28,740**	24,259
– Sime Darby Plantation Biotechnology Lab Sdn Bhd	**–**	–	**10,162**	5,255
– Sime Darby Plantation Research Sdn Bhd	**–**	–	**66,886**	65,884
(iii) Commission on purchase of FFB and sale of palm products				
– Sime Darby Oils Trading Sdn Bhd	**–**	–	**45,871**	47,135
(iv) Management fees income				
– Sime Darby Plantation (Sabah) Sdn Bhd	**–**	–	**13,780**	13,730
(v) Interest expenses				
– Sime Darby Plantation Global Berhad	**–**	–	**1,370**	17,761
– Sime Darby Oils Trading Sdn Bhd	**–**	–	**21,442**	–
– Mulligan International B.V.	**–**	–	**14,848**	–
– Sime Darby Oils Carey Island KCP Sdn Bhd	**–**	–	**14,359**	–
(vi) Purchases of goods				
– The China Engineers (Malaysia) Sdn Bhd	**–**	–	**57,178**	77,706
– Guthrie Agri Bio Sdn Bhd (formerly known as Sime Darby Plantation Agri-Bio Sdn Bhd)	**–**	–	**337,527**	295,256

45. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions: (continued)

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(b) Transactions with subsidiaries (continued)				
(vii) Dividend income				
– Mulligan International B.V.	**–**	–	**751,582**	–
– New Britain Palm Oil Limited	**–**	–	**772,739**	682,850
– Sime Darby Plantation Thailand Sdn Bhd	**–**	–	**12,565**	18,730
– Sime Darby Plantation Austral Holdings Berhad	**–**	–	**–**	23,019
(viii) Disposal of downstream operations and subsidiaries				
– Sime Darby Oils Carey Island KCP Sdn Bhd	**–**	–	**–**	80,484
– Sime Darby Oils Port Klang Refinery Sdn Bhd	**–**	–	**–**	59,971
– Sime Darby Oils Langat Refinery Sdn Bhd	**–**	–	**–**	295,890
– Sime Darby Oils Pasir Gudang Refinery Sdn Bhd	**–**	–	**–**	56,389
(ix) Advances from/(to) subsidiaries				
– Sime Darby Oils Pasir Gudang Refinery Sdn Bhd	**–**	–	**92,397**	–
– Mulligan International B.V.	**–**	–	**411,583**	–
– Sime Darby Oils Carey Island KCP Sdn Bhd	**–**	–	**31,244**	83,514
– Sime Darby Oils Langat Refinery Sdn Bhd	**–**	–	**58,859**	91,562
– New Britain Plantation Services Pte. Ltd.	**–**	–	**13,794**	129,824
– Sime Darby Plantation Research Sdn Bhd	**–**	–	**17,454**	–
– Sime Darby Plantation Technology Centre Sdn Bhd	**–**	–	**21,678**	–
– Sime Darby Oils International Limited	**–**	–	**19,082**	–
– PT Anugerah Sumbermakmur	**–**	–	**–**	143,642
– PT Minamas Gemilang	**–**	–	**(43,331)**	143,642
– Guthrie Industries Malaysia Sendirian Berhad	**–**	–	**(30,925)**	–
– Sime Darby Oils Bintulu Sdn Bhd	**–**	–	**(156,627)**	–
– Sime Darby Oils Biodiesel Sdn Bhd	**–**	–	**(97,376)**	–
– New Britain Palm Oil Limited	**–**	–	**(17,081)**	–
– Wangsa Mujur Sdn Bhd	**–**	–	**–**	(13,300)
– Sime Darby Plantation (Sarawak) Sdn Bhd	**–**	–	**(111,134)**	(32,331)
– Sime Darby Plantation (Sabah) Sdn Bhd	**–**	–	**(76,491)**	–
– Sime Darby Oils Port Klang Refinery Sdn Bhd	**–**	–	**(14,641)**	(73,848)
– Sime Darby Plantation Investment (Liberia) Private Limited	**–**	–	**–**	53,062

Notes to the Financial Statements
For the financial year ended 31 December 2023

45. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions: (continued)

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(b) Transactions with subsidiaries (continued)				
(x) Repayment of advances to/(from) subsidiaries				
– Sime Darby Plantation Global Sdn Bhd	–	–	(550,068)	–
– PT Anugerah Sumbermakmur	–	–	(149,135)	–
– PT Minamas Gemilang	–	–	(149,144)	–
– Sime Darby Oils International Limited	–	–	(263,564)	–
– New Britain Plantation Services Pte. Ltd.	–	–	–	(21,453)
– Sime Darby Oils Netherlands B.V.	–	–	(50,824)	–
– Sime Darby Oils Trading Sdn Bhd	–	–	(227,073)	–
– Sime Darby Oils Carey Island KCP Sdn Bhd	–	–	(223,523)	–
– Sime Darby Oils Port Klang Refinery Sdn Bhd	–	–	40,057	–
– Guthrie Agri Bio Sdn Bhd (formerly known as Sime Darby Plantation Agri-Bio Sdn Bhd)	–	–	122,722	–
– Sime Darby Plantation (Sabah) Sdn Bhd	–	–	38,780	–
– Sime Darby Plantation (Sarawak) Sdn Bhd	–	–	25,573	–
– Sime Darby Oils Pasir Gudang Refinery Sdn Bhd	–	–	–	46,395
(xi) Novation of intercompany receivable to subsidiaries				
– Sime Darby Oils Pasir Gudang Refinery Sdn Bhd	–	–	–	436,345
– Sime Darby Oils International Limited	–	–	–	625,677
(xii) Subscription of ordinary shares				
– Sime Darby Oils International Limited	–	–	–	274,667
(xiii) Capital contribution to subsidiary				
– Sime Darby Oils International Limited	–	–	–	397,800
(c) Transactions with related parties				
(i) Purchase of asset, heavy equipment, spare parts and services				
– Sime Darby Industrial Sdn Bhd	16,863	22,636	6,208	10,684
– Kubota Malaysia Sdn Bhd	32,553	33,577	22,498	26,331
(ii) Rental expenses				
– Kumpulan Sime Darby Berhad	11,785	16,582	11,785	16,582
(iii) Sales consideration from land disposal				
– Sime Darby Property (Bukit Tunku) Sdn Bhd	618,000	–	618,000	–

45. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions: (continued)

(d) Transactions with shareholders and Government

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 55.29% as at 31 December 2023 (2022: 55.64%) of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through YPB. The Group considers that, for the purpose of MFRS 124 "Related Party Disclosures", the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government related entities) are related parties of the Group and of the Company.

Apart from the individually significant transactions as disclosed elsewhere in the financial statements, the Group and the Company have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

(i) Purchasing of goods and services, including use of public utilities and amenities; and

(ii) Placement of bank deposits with government-related financial institutions

All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and the Company's businesses on negotiated terms.

(e) Remuneration of key management personnel

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Remuneration of key management personnel				
The aggregate amount of emoluments received/ receivable by key management personnel of the Group and the Company during the financial year are as follows:				
– Salaries, fees and other emoluments	**33,791**	35,714	**29,827**	32,209
– Defined contribution pension plans	**3,930**	4,512	**3,722**	4,334
– Estimated monetary value of benefits by way of usage of the Group's and the Company's assets	**307**	310	**300**	303
	38,028	40,536	**33,849**	36,846

Key management personnel comprise of Directors and all Plantation Leadership Committee ("PLC") members having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

46. FINANCIAL INSTRUMENTS

Financial assets of the Group and the Company measured at amortised cost include trade and other receivables (excluding prepayments and goods and services tax/value added tax receivable), inter-company receivables and bank balances, deposits and cash. Financial liabilities at amortised cost of the Group and the Company include trade and other payables (excluding employee related payables and goods and services tax/value added tax payables), inter-company payables, lease liabilities and borrowings.

(a) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk, cash flow risk and price risk. The Group's financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group uses derivative financial instruments such as forward foreign exchange contracts, commodities forwards, futures and options contracts and interest rate swaps to hedge certain exposures.

Whilst all derivatives entered into provide economic hedges to the Group, certain derivatives do not qualify for the application of hedge accounting under the specific rules in MFRS 9. Changes in the fair value of these derivatives are recognised in profit or loss, whilst changes in the fair value of those derivatives that qualify for cash flow hedge accounting are recognised in other comprehensive income.

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(i) Foreign currency exchange risk

Where the transacted currencies differ from the Company's and subsidiaries' functional currency, the Group is exposed to currency translation risk. The risk also extends to purchases denominated in currency other than the Company and the subsidiaries' functional currency.

Where possible, the Group will apply natural hedge by selling and purchasing in the same currency. Otherwise, the Group enters into forward foreign exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies. These derivatives are normally contracted through centralised treasury in order to achieve the benefits of netting within the Group and to manage the cost of hedging effectively.

The Group's policy on the extent of a foreign currency transaction or balance to be hedged is dependent on the duration to the settlement date. In terms of forecasted transaction, exposure is hedged only if it is expected to be cost effective.

The Group does not hedge its cash, deposits and borrowings denominated in other than functional currency.

The Group is also exposed to currency translation risk arising from its net investments in foreign subsidiaries. The investments in foreign subsidiaries are not hedged due to the long-term nature of those investments, except for the net investments in NBPOL group whereby the foreign currency borrowings related to the acquisition of the subsidiary of USD982.5 million (equivalent to RM4,528.3 million) (2022: USD982.5 million (equivalent to RM4,342.4 million)) are designated as a natural hedge against the net investment. The foreign currencies exchange losses of RM135.7 million (2022: foreign currencies exchange losses of RM208.9 million) in relation to the net investment hedge was adjusted to other comprehensive income. There was no ineffectiveness to be recorded from net investment hedge in NBPOL group.

Currency profile of monetary financial assets and financial liabilities are as follows:

	GROUP				
	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
2023					
Assets					
Investments at FVOCI (non-current)	–	–	–	23,113	23,113
Trade and other receivables (net)					
– non-current	–	–	–	58,224	58,224
– current	206,042	10,895	239,142	1,323,508	1,779,587
Bank balances, deposits and cash	229,010	9,107	67,843	524,422	830,382
Amounts due from related parties	–	–	–	124	124
Derivative assets	11,660	21	4,236	17,722	33,639
	446,712	20,023	311,221	1,947,113	2,725,069
Liabilities					
Borrowings					
– non-current	(861,865)	–	–	(2,719,821)	(3,581,686)
– current	(1,280,245)	–	–	(420,372)	(1,700,617)
Lease liabilities					
– non-current	–	–	(79,225)	(114,742)	(193,967)
– current	–	–	(4,492)	(21,110)	(25,602)
Amounts due to related parties	–	–	(1)	(13,676)	(13,677)
Trade and other payables					
– non-current	–	–	(45,326)	(11,371)	(56,697)
– current	(207,105)	(4,270)	(196,398)	(1,377,371)	(1,785,144)
Dividend payable	–	–	–	(394,196)	(394,196)
Derivative liabilities	(13,458)	(224)	(4,556)	(527)	(18,765)
	(2,362,673)	(4,494)	(329,998)	(5,073,186)	(7,770,351)
	(1,915,961)	15,529	(18,777)	(3,126,073)	(5,045,282)

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(i) Foreign currency exchange risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows: (continued)

	GROUP				
	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
2022					
Assets					
Investments at FVOCI (non-current)	–	–	–	22,496	22,496
Trade and other receivables (net)					
– non-current	–	–	–	34,644	34,644
– current	169,392	19,458	301,065	1,748,235	2,238,150
Bank balances, deposits and cash	70,010	1,589	76,206	487,188	634,993
Amounts due from related parties	–	–	–	424	424
Derivative assets	13,194	262	794	142,648	156,898
	252,596	21,309	378,065	2,435,635	3,087,605
Liabilities					
Borrowings					
– non-current	(2,387,395)	–	–	(1,245,292)	(3,632,687)
– current	(851,582)	–	–	(1,612,219)	(2,463,801)
Lease liabilities					
– non-current	–	–	(71,612)	(75,783)	(147,395)
– current	–	–	(3,641)	(21,229)	(24,870)
Amounts due to related parties	–	–	–	(9,886)	(9,886)
Trade and other payables					
– non-current	–	–	(34,932)	(7,763)	(42,695)
– current	(55,492)	(4,330)	(198,726)	(1,574,622)	(1,833,170)
Derivative liabilities	(26,899)	(885)	(300)	(33,710)	(61,794)
	(3,321,368)	(5,215)	(309,211)	(4,580,504)	(8,216,298)
	(3,068,772)	16,094	68,854	(2,144,869)	(5,128,693)

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(i) Foreign currency exchange risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows: (continued)

	COMPANY				
	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
2023					
Assets					
Investments at FVOCI (non-current)	–	–	–	22,966	22,966
Trade and other receivables (net)	177	–	152	94,423	94,752
Bank balances, deposits and cash	36,642	142	–	63,916	100,700
Amounts due from related parties	–	–	–	79	79
Amounts due from subsidiaries					
– non-current	60,309	–	–	62,869	123,178
– current	157,526	851	247	837,560	996,184
	254,654	993	399	1,081,813	1,337,859
Liabilities					
Borrowings					
– non-current	(861,865)	–	–	(2,196,905)	(3,058,770)
– current	(722,271)	–	–	(326,090)	(1,048,361)
Amounts due to related parties	–	–	–	(6,951)	(6,951)
Amounts due to subsidiaries	(1,262,625)	(23,364)	(15,783)	(595,857)	(1,897,629)
Trade and other payables					
– non-current	–	(29,534)	–	(10)	(29,544)
– current	(6,406)	(5,290)	(439)	(358,851)	(370,986)
Dividend payable	–	–	–	(394,196)	(394,196)
Derivative liabilities	(347)	–	–	–	(347)
	(2,853,514)	(58,188)	(16,222)	(3,878,860)	(6,806,784)
	(2,598,860)	(57,195)	(15,823)	(2,797,047)	(5,468,925)

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(i) Foreign currency exchange risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows: (continued)

	COMPANY				
	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
2022					
Assets					
Investments at FVOCI (non-current)	–	–	–	22,337	22,337
Trade and other receivables (net)	893	–	40,212	84,886	125,991
Bank balances, deposits and cash	48,181	72	–	57,519	105,772
Amounts due from related parties	–	–	–	320	320
Amounts due from subsidiaries					
– non-current	362,912	19,578	16,061	109,847	508,398
– current	43,568	2,137	7,614	509,162	562,481
	455,554	21,787	63,887	784,071	1,325,299
Liabilities					
Borrowings					
– non-current	(2,387,395)	–	–	(750,000)	(3,137,395)
– current	(617,689)	–	–	(978,000)	(1,595,689)
Lease liabilities					
– non-current	–	–	–	(5,664)	(5,664)
– current	–	–	–	(444)	(444)
Amounts due to related parties	–	–	–	(6,328)	(6,328)
Amounts due to subsidiaries	(924,881)	(18,642)	(287,568)	(1,016,531)	(2,247,622)
Trade and other payables					
– non-current	–	(34,824)	–	(13)	(34,837)
– current	(318,166)	(5,290)	(295)	(8,516)	(332,267)
	(4,248,131)	(58,756)	(287,863)	(2,765,496)	(7,360,246)
	(3,792,577)	(36,969)	(223,976)	(1,981,425)	(6,034,947)

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(i) Foreign currency exchange risk (continued)

The following table illustrates the effects of changes in exchange rate on the translation of foreign currency monetary items against the functional currency at 31 December 2023 and 31 December 2022, both before and after taking into account the hedge instruments. If the major currencies strengthened by the following percentage at the end of the financial reporting year, the Group's and the Company's profit after tax will improve/(decline) by:

	GROUP				
				Impact on profit after tax	
Major currency	Strengthened against RM by	Net monetary item RM'000	Hedged RM'000	Before hedge RM'000	After hedge RM'000
2023					
United States Dollar					
– Assets	**3%**	**446,712**	**151,363**	**10,185**	**6,734**
– Liabilities	**3%**	**(2,362,673)**	**(107,414)**	**(53,869)**	**(51,420)**
European Union Euro					
– Assets	**1%**	**20,023**	**2,254**	**152**	**135**
– Liabilities	**1%**	**(4,494)**	**–**	**(34)**	**(34)**
2022					
United States Dollar					
– Assets	1%	252,596	163,168	1,920	680
– Liabilities	1%	(3,321,368)	(55,492)	(25,242)	(24,821)
European Union Euro					
– Assets	2%	21,309	4,865	324	250
– Liabilities	2%	(5,215)	–	(79)	(79)

	COMPANY				
				Impact on profit after tax	
Major currency	Strengthened against RM by	Net monetary item RM'000	Hedged RM'000	Before hedge RM'000	After hedge RM'000
2023					
United States Dollar					
– Assets	**3%**	**254,654**	**–**	**5,806**	**5,806**
– Liabilities	**3%**	**(2,853,514)**	**–**	**(65,060)**	**(65,060)**
European Union Euro					
– Assets	**1%**	**993**	**–**	**8**	**8**
– Liabilities	**1%**	**(58,188)**	**–**	**(442)**	**(442)**
2022					
United States Dollar					
– Assets	1%	455,554	–	3,463	3,463
– Liabilities	1%	(4,248,131)	–	(32,286)	(32,286)
European Union Euro					
– Assets	2%	21,787	–	331	331
– Liabilities	2%	(58,756)	–	(893)	(893)

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(ii) Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure which arises from certain of the Group's and the Company's borrowings is managed through the use of floating debt and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

The percentages of fixed rate borrowings to the total of borrowings at the end of the financial year are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total of borrowings	**5,282,303**	6,096,488	**4,107,131**	4,733,084
Fixed rate borrowings	**512,890**	1,011,530	**–**	–

	GROUP		COMPANY	
	2023 %	2022 %	2023 %	2022 %
Percentage of fixed rate borrowings over total of borrowings	**10**	17	**–**	–

As at 31 December 2023, all of the Group's and the Company's floating rate borrowings stood at RM4,769.4 million (2022: RM5,084.9 million) and RM4,107.1 million (2022: RM4,733.1 million) respectively. The following tables demonstrate the effects of changes in interest rate on floating rate borrowings. If the interest rate increased by 0.5% (2022: 0.5%), the Group's and the Company's profit after tax will be lower by:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit after tax	**18,124**	19,323	**15,607**	17,985

A 0.5% (2022: 0.5%) decrease in interest rate would have an equal but opposite effect.

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk

Credit risk arises on sales made on credit terms, derivatives with positive fair value and deposits with banks.

A) Risk management

The Group and the Company seek to control credit risk by dealing with customers and joint venture partners of appropriate credit history and transact and deposit with bank and financial institution with good credit ratings. Third party agencies' ratings are considered, if available. In addition, the customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Customers are assessed at least annually and more frequently when information on significant changes in the customers' financial position becomes known. Credit terms and limit are set based on the assessment. Where appropriate, guarantees or securities are obtained to limit credit risk. Sales to customers are usually suspended when earlier amounts are overdue exceeding 180 days.

B) Collateral

The Group and the Company have a maximum exposure which approximate the carrying amount as stated in the statements of financial position less collateral received, mainly related to letters of credit, amounting to RM120.4 million and nil (2022: RM348.5 million and RM38.4 million) respectively.

C) Impairment of financial assets and financial guarantee contracts

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group and the Company have the following financial instruments that are subject to the ECL model:

Measurement of ECL – simplified approach

- Trade receivables
- Intercompany receivables (trade) – inclusive of amounts due from associates, joint ventures, subsidiaries and related parties

Measurement of ECL – general 3-stage approach

- Intercompany receivables (non-trade) – inclusive of amounts due from subsidiaries
- Advances for plasma plantation projects
- Financial guarantee contracts issued
- Interest receivables
- Other receivables

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

C) Impairment of financial assets and financial guarantee contracts (continued)

Reconciliation of loss allowance for trade and other receivables, intercompany receivables (trade and non-trade) and advances for plasma plantation projects.

	Note	GROUP Trade receivables RM'000	Other receivables RM'000	Amounts due from joint ventures RM'000	Advances for plasma plantation projects RM'000	Total RM'000
2023						
At 1 January		**18,196**	**7,367**	**52,071**	**24,975**	**102,609**
Charge for the financial year	6(e)	**4,159**	**1,176**	**–**	**881**	**6,216**
Exchange differences		**(421)**	**(245)**	**–**	**1,722**	**1,056**
At 31 December		**21,934**	**8,298**	**52,071**	**27,578**	**109,881**
2022						
At 1 January		13,394	8,313	44,407	22,190	88,304
Charge for the financial year	6(e)	5,309	1,346	7,664	4,124	18,443
Write offs		(367)	(2,642)	–	–	(3,009)
Reversal for the financial year	7	(12)	–	–	–	(12)
Exchange differences		(128)	350	–	(1,339)	(1,117)
At 31 December		18,196	7,367	52,071	24,975	102,609

	Note	COMPANY Trade receivables RM'000	Other receivables RM'000	Amounts due from joint ventures RM'000	Amounts due from subsidiaries RM'000	Total RM'000
2023						
At 1 January		**388**	**1,768**	**40,000**	**309,806**	**351,962**
Charge for the financial year	6(e)	**–**	**–**	**–**	**7,778**	**7,778**
Write offs		**–**	**(3)**	**–**	**–**	**(3)**
Reversal for the financial year	7	**–**	**–**	**–**	**(11,938)**	**(11,938)**
At 31 December		**388**	**1,765**	**40,000**	**305,646**	**347,799**
2022						
At 1 January		755	4,410	40,000	308,430	353,595
Charge for the financial year	6(e)	–	–	–	3,841	3,841
Write offs		(367)	(2,642)	–	–	(3,009)
Reversal for the financial year	7	–	–	–	(2,465)	(2,465)
At 31 December		388	1,768	40,000	309,806	351,962

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

C) Impairment of financial assets and financial guarantee contracts (continued)

A summary of the assumptions underpinning the Group's and the Company's ECL are as follows:

- **Trade receivables using simplified approach**

The ECL rates are based on 5-year historical credit losses experienced by the Group and the Company. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. However, based on the Group's and the Company's assessment, the ability to collect has minimal correlation with macroeconomic factors as these are consumers products. No significant changes to estimation techniques or assumptions were made during the reporting year.

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets:

	GROUP			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
2023				
Upstream				
Local customers:				
Current	35,099	0.0%	–	35,099
Past due by:				
– 1 to 30 days	26,427	0.0%	–	26,427
– 31 to 60 days	1,116	0.0%	–	1,116
– 61 to 90 days	259	0.0%	–	259
– 91 to 180 days	–	0.0%	–	–
– 181 to 360 days	5	0.0%	–	5
– more than 360 days	3,855	99.9%	(3,851)	4
	66,761		(3,851)	62,910
Export customers:				
Current	1,781	0.0%	–	1,781
Past due by:				
– 1 to 30 days	–	0.0%	–	–
	1,781		–	1,781

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

C) Impairment of financial assets and financial guarantee contracts (continued)

- **Trade receivables using simplified approach (continued)**

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

	GROUP			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
2023 (continued)				
Downstream				
Local customers:				
Current	409,737	0.0%	–	409,737
Past due by:				
– 1 to 30 days	260,480	0.0%	(30)	260,450
– 31 to 60 days	100,311	0.0%	–	100,311
– 61 to 90 days	38,500	0.0%	–	38,500
– 91 to 180 days	19,256	0.1%	(16)	19,240
– 181 to 360 days	2,469	45.4%	(1,122)	1,347
– more than 360 days	12,210	86.1%	(10,512)	1,698
	842,963		(11,680)	831,283
Export customers:				
Current	362,297	0.0%	–	362,297
Past due by:				
– 1 to 30 days	177,959	0.0%	(44)	177,915
– 31 to 60 days	5,382	0.0%	–	5,382
– 61 to 90 days	3,760	0.0%	(1)	3,759
– 91 to 180 days	5,607	0.0%	–	5,607
– 181 to 360 days	2,274	80.6%	(1,832)	442
– more than 360 days	4,664	97.0%	(4,526)	138
	561,943		(6,403)	555,540

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

C) Impairment of financial assets and financial guarantee contracts (continued)

- **Trade receivables using simplified approach (continued)**

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

	GROUP			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
2023 (continued)				
Other Operations				
Local customers:				
Current	4,067	0.0%	–	4,067
Past due by:				
– 1 to 30 days	2,700	0.0%	–	2,700
– 31 to 60 days	1,258	0.0%	–	1,258
– 61 to 90 days	363	0.0%	–	363
– 91 to 180 days	21	0.0%	–	21
– 181 to 360 days	1	0.0%	–	1
– more than 360 days	–	0.0%	–	–
	8,410		–	8,410
Export customers:				
Current	–	0.0%	–	–
Past due by:				
– 1 to 30 days	–	0.0%	–	–
– 31 to 60 days	1	0.0%	–	1
	1		–	1

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

C) Impairment of financial assets and financial guarantee contracts (continued)

- **Trade receivables using simplified approach (continued)**

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

	GROUP			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
2022				
Upstream				
Local customers:				
Current	88,632	0.0%	(6)	88,626
Past due by:				
– 1 to 30 days	30,337	1.4%	(420)	29,917
– 31 to 60 days	1,288	0.0%	–	1,288
– 61 to 90 days	50	0.0%	–	50
– 91 to 180 days	130	0.0%	–	130
– 181 to 360 days	4,704	75.8%	(3,567)	1,137
– more than 360 days	336	100.0%	(336)	–
	125,477		(4,329)	121,148
Export customers:				
Current	7	0.0%	–	7
Past due by:				
– 1 to 30 days	6,871	0.0%	–	6,871
	6,878		–	6,878

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

C) Impairment of financial assets and financial guarantee contracts (continued)

- **Trade receivables using simplified approach (continued)**

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

	GROUP			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
2022 (continued)				
Downstream				
Local customers:				
Current	595,426	0.2%	(1,219)	594,207
Past due by:				
– 1 to 30 days	341,624	0.0%	(146)	341,478
– 31 to 60 days	76,805	0.0%	–	76,805
– 61 to 90 days	16,453	3.4%	(559)	15,894
– 91 to 180 days	1,345	20.1%	(271)	1,074
– 181 to 360 days	1,628	3.2%	(52)	1,576
– more than 360 days	11,942	84.2%	(10,059)	1,883
	1,045,223		(12,306)	1,032,917
Export customers:				
Current	625,435	0.0%	–	625,435
Past due by:				
– 1 to 30 days	133,099	0.0%	(65)	133,034
– 31 to 60 days	7,827	0.0%	–	7,827
– 61 to 90 days	2,122	20.1%	(427)	1,695
– 91 to 180 days	136	100.0%	(136)	–
– 181 to 360 days	962	10.3%	(99)	863
– more than 360 days	834	100.0%	(834)	–
	770,415		(1,561)	768,854

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

C) Impairment of financial assets and financial guarantee contracts (continued)

- **Trade receivables using simplified approach (continued)**

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

	GROUP			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
2022 (continued)				
Other Operations				
Local customers:				
Current	1,182	0.0%	–	1,182
Past due by:				
– 1 to 30 days	3,189	0.0%	–	3,189
– 31 to 60 days	1,207	0.0%	–	1,207
– 61 to 90 days	2,396	0.0%	–	2,396
– 91 to 180 days	174	0.0%	–	174
– 181 to 360 days	4	0.0%	–	4
– more than 360 days	1	0.0%	–	1
	8,153		–	8,153
Export customers:				
Current	510	0.0%	–	510
Past due by:				
– 1 to 30 days	3,984	0.0%	–	3,984
– 31 to 60 days	25	0.0%	–	25
	4,519		–	4,519

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

C) Impairment of financial assets and financial guarantee contracts (continued)

- **Trade receivables using simplified approach (continued)**

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

	COMPANY			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
2023				
Upstream				
Local customers:				
Current	**20,305**	**0.0%**	**–**	**20,305**
Past due by:				
– 1 to 30 days	**473**	**0.0%**	**–**	**473**
– 31 to 60 days	**–**	**0.0%**	**–**	**–**
– 61 to 90 days	**55**	**0.0%**	**–**	**55**
– more than 360 days	**388**	**100.0%**	**(388)**	**–**
	21,221		**(388)**	**20,833**
2022				
Upstream				
Local customers:				
Current	30,685	0.0%	–	30,685
Past due by:				
– 1 to 30 days	2,646	0.0%	–	2,646
– 31 to 60 days	23	0.0%	–	23
– 61 to 90 days	10	0.0%	–	10
– more than 360 days	388	100.0%	(388)	–
	33,752		(388)	33,364
Export customers:				
Past due by:				
– 1 to 30 days	803	0.0%	–	803
	803	–		803

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

C) Impairment of financial assets and financial guarantee contracts (continued)

- **Intercompany receivables (trade) – inclusive of amounts due from associates, joint ventures, subsidiaries and related parties using simplified approach**

  Intercompany receivables (trade) represent amounts outstanding arising from sales of goods. In arriving at loss allowance, the same assumptions as trade receivables have been applied. As a result, management is of the view that adequate loss allowance has been recognised as at the date of reporting.

- **Intercompany receivables (non-trade) – inclusive of amounts due from subsidiaries using general 3-stage approach**

  The Company provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the performance of the subsidiaries regularly.

  Management has assessed the loss allowance for amount due from subsidiaries individually taking into consideration of the financial position and the plans in place for the respective subsidiaries. As at the reporting date, management is of the view that adequate loss allowance has been recognised.

- **Advances for plasma plantation projects using general 3-stage approach**

  In Indonesia, oil palm plantation owners/operators are required to participate in selected programs to develop plantations for smallholders (herein referred to as "plasma farmers"). The Group is involved in "Perusahaan Inti Rakyat Transmigrasi" and "Kredit Koperasi Primer untuk Anggotanya" which require the Group to serve as a contractor for developing the plantations, train and develop the skills of the plasma farmers, and purchase the fresh fruit bunches harvested by plasma farmers at prevailing prices determined by the Indonesian Government.

  The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion of the plasma plantation projects, either from the plasma farmers directly, through the assignment to plasma farmers of the loans obtained for the projects or netted-off with the FFB purchased from the plasma farmers. Impairment losses are made when the estimated recoverable amounts are less than the outstanding advances.

- **Financial guarantee contracts using general 3-stage approach**

  The Group is exposed to credit risk arising from financial guarantee contracts given to banks for joint ventures' and plasma stakeholders' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the joint ventures or plasma stakeholders. Management has reviewed the financial position of the joint ventures and plasma stakeholders as at the reporting date and was of the view that the financial guarantee contracts are unlikely to be called by the lenders.

  The Company is exposed to credit risk arising from financial guarantee contracts given to banks for joint ventures' and subsidiaries' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the joint ventures and subsidiaries. Historically, the Group and the Company have not defaulted in any borrowings and with the stringent monitoring over the treasury process, management is of the view that the financial guarantee contracts are unlikely to be called by the joint ventures' and subsidiaries' lenders.

- **Other receivables using general 3-stage approach**

  The Group's and the Company's net other receivables balances are RM311.6 million and RM62.3 million (2022: RM276.8 million and RM81.6 million) respectively as at 31 December 2023. Management has assessed the other receivables which comprises mainly of amounts due from brokers, arising from the Group's trading operations individually and determined that the majority of the other receivables and deposits were fully recoverable and adequate loss allowance has been recognised.

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iv) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group's and the Company's exposure to these risks arise primarily from the mismatch of maturities of financial assets and liabilities. To mitigate these risks to an acceptable level, the Group maintains sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group maintains centralised treasury functions where all strategic funding requirements are managed.

The Company's current liabilities exceeded its current assets by RM2,539.4 million as at 31 December 2023 (2022: RM3,392.9 million).

In considering going concern and liquidity risk, the Directors have reviewed the Company's cash flow projections for the next 12 months from the date of approval of the financial statements. In addition, the Company has undrawn credit facilities of RM2.8 billion (2022: RM1.5 billion) as at 31 December 2023.

The Directors therefore believe that the Company will be able to meet its obligations when it is due and fund its operating and anticipated capital expenditure having considered the above factors.

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities are as follows:

	GROUP					
	On demand or within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Above 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
2023						
Trade and other payables	**1,761,309**	**–**	**–**	**54,086**	**1,815,395**	**1,815,395**
Borrowings						
– principal	**1,700,617**	**279,023**	**1,989,774**	**1,312,889**	**5,282,303**	**5,282,303**
– interest	**57,559**	**99,445**	**47,355**	**29,748**	**234,107**	**23,125**
Amounts due to related parties	**13,677**	**–**	**–**	**–**	**13,677**	**13,677**
Lease liabilities	**34,544**	**38,395**	**62,511**	**163,017**	**298,467**	**219,569**
Dividend payable	**394,196**	**–**	**–**	**–**	**394,196**	**394,196**
Derivatives						
Net-settled commodities, futures and forward contracts						
– payments	**4,707**	**–**	**–**	**–**	**4,707**	**4,707**
	3,966,609	**416,863**	**2,099,640**	**1,559,740**	**8,042,852**	**7,752,972**
2022						
Trade and other payables	1,810,876	–	–	39,885	1,850,761	1,850,761
Borrowings						
– principal	2,463,801	2,516,477	644,228	471,982	6,096,488	6,096,488
– interest	43,425	51,149	43,149	40,899	178,622	21,630
Amounts due to related parties	9,886	–	–	–	9,886	9,886
Lease liabilities	30,952	33,191	44,671	131,717	240,531	172,265
Derivatives						
Net-settled commodities options, futures and forward contracts						
– payments	34,409	–	–	–	34,409	34,409
	4,393,349	2,600,817	732,048	684,483	8,410,697	8,185,439

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(iv) Liquidity and cash flow risks (continued)

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities are as follows: (continued)

	COMPANY					
	On demand or within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Above 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
2023						
Trade and other payables	**349,531**	**–**	**–**	**–**	**349,531**	**349,531**
Borrowings						
– principal	**1,048,361**	**275,871**	**1,985,161**	**797,738**	**4,107,131**	**4,107,131**
– interest	**41,520**	**84,176**	**2,250**	**–**	**127,946**	**16,162**
Dividend payable	**394,196**	**–**	**–**	**–**	**394,196**	**394,196**
Intra-group payables	**1,904,580**	**–**	**–**	**–**	**1,904,580**	**1,904,580**
	3,738,188	**360,047**	**1,987,411**	**797,738**	**6,883,384**	**6,771,600**
2022						
Trade and other payables	318,248	–	–	–	318,248	318,248
Borrowings						
– principal	1,595,689	2,500,667	636,728	–	4,733,084	4,733,084
– interest	20,436	37,062	2,250	–	59,748	8,726
Intra-group payables	2,253,950	–	–	–	2,253,950	2,253,950
Lease liabilities	855	855	2,565	4,133	8,408	6,108
	4,189,178	2,538,584	641,543	4,133	7,373,438	7,320,116

As at 31 December 2023, the Group's and the Company's maximum potential liabilities under financial guarantee contracts amounted to RM119.6 million and RM619.9 million respectively (2022: RM149.7 million and RM582.7 million respectively). Financial guarantee contracts are assumed to be immediately payable on demand.

(v) Price risk

The Group and the Company are largely exposed to commodity price risk due to fluctuations in crude palm oil and other palm products futures prices.

The Group and the Company enter into commodities options and futures contracts to minimise exposure to adverse movements in crude palm oil and other palm products prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's and the Company's expected purchase, sale or usage requirements. Contracts that are not held for the purpose of physical delivery are accounted for as derivatives and are disclosed in Note 29(b).

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

(v) Price risk (continued)

The following table contains details of the commodities options and futures contracts that are accounted as derivatives.

(i) Cash flow hedges

	Notional Amount RM'000	Maturity period Months	Tonnage Tonnes	Average contract price per tonne RM
GROUP – 2023				
Sale contracts	**63,911**	**Less than 12**	**14,750**	**4,333**
GROUP – 2022				
Sale contracts	175,881	Less than 12	36,250	4,852

(ii) Non-hedging derivatives

	Notional Amount RM'000	Maturity period Months	Tonnage Tonnes	Average contract price per tonne RM
GROUP – 2023				
Sale contracts	**367,064**	**Less than 12**	**78,896**	**4,653**
Purchase contracts	**207,942**	**Less than 12**	**59,094**	**3,519**
GROUP – 2022				
Sale contracts	803,735	Less than 12	130,419	6,163
Purchase contracts	290,347	Less than 12	69,988	4,149

There is no derivatives being entered in 2023 and 2022 to hedge the price risk of the Company.

(b) Financial instruments measured at fair value

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

(i) Level 1 – Quoted prices in active markets for identical assets or liabilities;

(ii) Level 2 – Valuation inputs (other than level 1 input) that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 – Valuation inputs that are not based on observable market data.

46. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments measured at fair value (continued)

The following table presents the Group's and the Company's financial assets and liabilities that are measured at fair value at the end of the reporting period based on the three different levels as defined above:

	GROUP			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Financial assets				
Investments at FVOCI	**–**	**–**	**23,113**	**23,113**
Derivatives				
– commodities futures contracts	**16,938**	**–**	**–**	**16,938**
– commodities forward contracts	**–**	**5,384**	**–**	**5,384**
– forward foreign exchange contracts	**–**	**11,317**	**–**	**11,317**
	16,938	**16,701**	**23,113**	**56,752**
Financial liabilities				
Derivatives				
– commodities futures contracts	**(4,272)**	**–**	**–**	**(4,272)**
– commodities forward contracts	**–**	**(435)**	**–**	**(435)**
– forward foreign exchange contracts	**–**	**(14,058)**	**–**	**(14,058)**
	(4,272)	**(14,493)**	**–**	**(18,765)**
2022				
Financial assets				
Investments at FVOCI	–	–	22,496	22,496
Derivatives				
– commodities options and futures contracts	37,490	–	–	37,490
– commodities forward contracts	–	104,744	–	104,744
– forward foreign exchange contracts	–	14,664	–	14,664
	37,490	119,408	22,496	179,394
Financial liabilities				
Derivatives				
– commodities futures contracts	(9,575)	–	–	(9,575)
– commodities forward contracts	–	(24,834)	–	(24,834)
– forward foreign exchange contracts	–	(27,385)	–	(27,385)
	(9,575)	(52,219)	–	(61,794)

Notes to the Financial Statements
For the financial year ended 31 December 2023

46. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments measured at fair value (continued)

The following table presents the Group's and the Company's financial assets and liabilities that are measured at fair value at the end of the reporting period based on the three different levels as defined above: (continued)

	COMPANY			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Financial assets				
Investments at FVOCI	**–**	**–**	**22,966**	**22,966**
Financial liabilities				
Derivatives				
– forward foreign exchange contracts	**–**	**(347)**	**–**	**(347)**
2022				
Financial assets				
Investments at FVOCI	–	–	22,337	22,337

If quoted market prices in active markets are available, these are considered Level 1. If such quoted market prices are not available, fair value is determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

The fair values of derivatives are determined using quoted price of identical instruments from an active market, if available (Level 1). If quoted prices are not available, price quoted for similar instruments, appropriately adjusted or present value techniques, based on available market data, or option pricing models are used. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used.

There were no transfers between the levels of the fair value hierarchy during the financial year.

(c) Financial instruments measured at amortised costs

The carrying amounts of non-current financial assets and liabilities are measured at amortised cost.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) Short-term financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

(ii) Long-term financial instruments

The fair value of the Group's long-term financial instruments approximate their carrying values and it is estimated by discounting the future contractual cash flows at the current market rate available to the Group for similar instruments.

47. CAPITAL MANAGEMENT

(a) Capital management objectives

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholder value. This is achieved through reviewing and managing its equity, debt and cash. Equity attributable to equity holders of the Company includes share capital, reserves and retained earnings.

The Group seeks to achieve optimal capital structure taking into account returns expected by shareholders, cost of debts, capital expenditure, investment opportunities, projected cash flows and externally imposed financial covenants. The Group has consistently paid out around 50% to 70% of its recurring annual profit attributable to equity holders of the Company as dividends and reinvests the rest. Whilst the current practice provides a reasonable balance between expansion and cash dividends, the Group may adjust the dividend payout, equity levels and debt levels to achieve the optimal capital structure.

(i) Rating by External Rating Agencies

The Company and its capital market programmes are rated by both local and international rating agencies:

Rating Agency	Company/Programme	Rating as at	Rating
Malaysian Rating Corporation Berhad	RM3.0 billion Perpetual Subordinated Sukuk Programme (Perpetual Sukuk)	02.10.2023	AAA
Fitch Ratings	Company and the USD1.5 billion Multi-currency Sukuk Programme	27.03.2023	BBB
Moody's Investors Service	Company and the USD1.5 billion Multi-currency Sukuk Programme	01.09.2022	Baa2

(ii) Gearing ratio and interest cover

Gearing ratio and interest cover are some of the ratios used in capital management. Gearing ratio is calculated as gross debt divided by total equity. Gross debt is calculated as the total of borrowings and amount due to a subsidiary (including "current and non-current" as shown in the Company's statement of financial position). Interest cover is calculated as profit before interest and tax excluding impairment on investments in subsidiaries and joint ventures divided by total finance costs (gross).

The ratios are as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
Gearing ratio (%)	**25.9**	32.1	**32.0**	43.8
Interest cover (times)	**8.6**	17.9	**7.0**	5.8

(b) Externally imposed financial covenants and capital structure

In addition to optimising capital structure and complying with externally imposed financial covenants, the Group is also required to comply with statutory requirements in certain countries where the Group operates. This includes minimum capital requirement and the requirement to maintain legal reserves which are non-distributable.

The Group was in compliance with externally imposed financial covenants and capital requirements for the financial year ended 31 December 2023 and 31 December 2022.

Notes to the Financial Statements
For the financial year ended 31 December 2023

48. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

(i) Subsidiaries which are active as at 31 December 2023 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Agri Sumber Prestari Sdn Bhd	Malaysia	**100.0**	100.0	1	Supply of local manpower and related services to agriculture industry
Chartquest Sdn Bhd	Malaysia	**61.1**	61.1	1	Cultivation of oil palm
Chermang Development (Malaya) Sdn Bhd	Malaysia	**83.9**	83.9	1	Investment holding
Consolidated Plantations Berhad	Malaysia	**100.0**	100.0	1	Investment holding
Guthrie Agri Bio Sdn Bhd (formerly known as Sime Darby Plantation Agri-Bio Sdn Bhd)	Malaysia	**100.0**	100.0	1	Manufacturing and marketing of rat baits and trading of agricultural related products
Guthrie Agro Tech Sdn Bhd	Malaysia	**100.0**	–	1	Engage in agricultural mechanisation and commercialisation of prototype machines and equipment
Guthrie Industries Malaysia Sendirian Berhad	Malaysia	**100.0**	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Guthrie International Investments (L) Ltd	Labuan, Malaysia	**100.0**	100.0	1	Investment holding
Kumpulan Jelei Sendirian Berhad	Malaysia	**100.0**	100.0	1	Investment holding
Mostyn Palm Processing Sdn Bhd	Malaysia	**100.0**	100.0	1	Investment holding
Sanguine (Malaysia) Sdn Bhd	Malaysia	**100.0**	100.0	1	Cultivation of oil palm
Sime Darby Plantation Austral Holdings Berhad	Malaysia	**100.0**	100.0	1	Investment holding
Sime Darby Oils Bintulu Sdn Bhd	Malaysia	**60.0**	60.0	1	Processing of palm oil and palm kernel oil
Sime Darby Oils Biodiesel Sdn Bhd	Malaysia	**100.0**	100.0	1	Production and sale of biodiesel and related products
Sime Darby Plantation Biotechnology Lab Sdn Bhd	Malaysia	**100.0**	100.0	1	Provision of oil palm tissue culture services
Sime Darby Plantation Consulting Sdn Bhd	Malaysia	**100.0**	100.0	1	Investment holding
Sime Darby Oils Nutrition Sdn Bhd	Malaysia	**100.0**	100.0	1	Manufacturing of Palm Tocotrienol Vitamin E
Sime Darby Oils North America Inc.	United States	**100.0**	100.0	4	Marketing of vegetables oil and fat products and provision of technical product support
Sime Darby Oils Pasir Gudang Refinery Sdn Bhd	Malaysia	**100.0**	100.0	1	Investment holding and processing of edible oil and related products
Sime Darby Oils Professional Sdn Bhd	Malaysia	**100.0**	100.0	1	Distribution and marketing of cooking oil, tocotrienols and palm related products

48. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Subsidiaries which are active as at 31 December 2023 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Sime Darby Oils Trading Sdn Bhd	Malaysia	**100.0**	100.0	1	Trading of crude palm oil and palm oil products and as sub-marketing agent of commodities for its related companies
Sime Darby Oils Trading (Labuan) Limited	Labuan, Malaysia	**100.0**	100.0	1	Trading of commodities
Sime Darby Plantation Childcare Centre Sdn Bhd	Malaysia	**100.0**	100.0	1	Operating childcare services to employees
Sime Darby Plantation Ecogardens Sdn Bhd	Malaysia	**100.0**	100.0	1	Business of owning, operating and managing rest/guest house, cafeterias/canteens and renting of conventional and recreational facilities
Sime Darby Plantation Intellectual Property Sdn Bhd	Malaysia	**100.0**	100.0	1	Acquiring, developing and investing in trademarks, patents and intellectual property rights
Sime Darby Plantation Land Holding Sdn Bhd	Malaysia	**100.0**	–	1	Investment holding
Sime Darby Plantation Land (Bukit Pelanduk) Sdn Bhd	Malaysia	**100.0**	–	1	Land holding
Sime Darby Plantation Land (Sepang) Sdn Bhd	Malaysia	**100.0**	–	1	Land holding
Sime Darby Plantation Land (Tanah Merah) Sdn Bhd	Malaysia	**100.0**	–	1	Land holding
Sime Darby Plantation Land (Carey Island) Sdn Bhd	Malaysia	**100.0**	–	1	Land holding
Sime Darby Plantation Land (Scarborough) Sdn Bhd	Malaysia	**100.0**	–	1	Land holding
Sime Darby Plantation Latex Sdn Bhd	Malaysia	**100.0**	100.0	1	Investment property company
Sime Darby Plantation Research Sdn Bhd	Malaysia	**100.0**	100.0	1	Research and development services to group companies in relation to tropical agriculture
Sime Darby Plantation Renewable Energy Sdn Bhd	Malaysia	**100.0**	100.0	1	Renewable energy business covering biogas, solar and biomass projects
Sime Darby Plantation Seeds & Agricultural Services Sdn Bhd	Malaysia	**100.0**	100.0	1	Agricultural research and advisory services, production and sale of oil palm seeds and seedlings
Sime Darby Plantation (Sabah) Sdn Bhd	Malaysia	**100.0**	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Sime Darby Plantation (Sarawak) Sdn Bhd	Malaysia	**100.0**	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel

Notes to the Financial Statements
For the financial year ended 31 December 2023

48. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Subsidiaries which are active as at 31 December 2023 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%) 2023	Group's effective interest (%) 2022	Auditors	Principal activities
Sime Darby Plantation Technology Centre Sdn Bhd	Malaysia	**100.0**	100.0	1	Research and development services in biotechnology and agriculture
Sime Darby Plantation Thailand Sdn Bhd	Malaysia	**100.0**	100.0	1	Investment holding
The China Engineers (Malaysia) Sdn Bhd	Malaysia	**100.0**	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Wangsa Mujur Sdn Bhd	Malaysia	**72.5**	72.5	1	Cultivation of oil palm
PT Aneka Intipersada	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Aneka Sawit Lestari	Indonesia	**100.0**	100.0	2	Production and sale of oil palm planting materials
PT Anugerah Sumbermakmur	Indonesia	**100.0**	100.0	2	Investment holding
PT Asricipta Indah	Indonesia	**90.0**	90.0	2	Investment holding
PT Bahari Gembira Ria	Indonesia	**99.97**	99.97	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bersama Sejahtera Sakti	Indonesia	**91.12**	91.12	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bhumireksa Nusasejati	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bina Sains Cemerlang	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Budidaya Agrolestari	Indonesia	**100.0**	100.0	2	Cultivation of oil palm
PT Sime Darby Oils Pulau Laut Refinery	Indonesia	**100.0**	100.0	2	Processing of palm oil products
PT Guthrie Pecconina Indonesia	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Indotruba Tengah	Indonesia	**50.0**	50.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Kartika Inti Perkasa	Indonesia	**60.0**	60.0	2	Investment holding
PT Kridatama Lancar	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Laguna Mandiri	Indonesia	**88.6**	88.6	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
PT Lahan Tani Sakti	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Langgeng Muaramakmur	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel

48. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Subsidiaries which are active as at 31 December 2023 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
PT Minamas Gemilang	Indonesia	**100.0**	100.0	2	Investment holding
PT Muda Perkasa Sakti	Indonesia	**100.0**	100.0	2	Investment holding
PT Padang Palma Permai	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Paripurna Swakarsa	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Perkasa Subur Sakti	Indonesia	**100.0**	100.0	2	Processing of palm oil and palm kernel
PT Perusahaan Perkebunan Industri dan Niaga Sri Kuala	Indonesia	**100.0**	100.0	2	Cultivation of oil palm
PT Sandika Natapalma	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sime Darby Oils International Indonesia	Indonesia	**100.0**	100.0	2	Investment holding, trade and services
PT Sime Darby Oils Utama Indonesia	Indonesia	**100.0**	100.0	2	Investment holding, trade and services
PT Guthrie Agri Bio (formerly known as PT Sime Darby Plantation Agri Bio)	Indonesia	**100.0**	100.0	2	Trading of agricultural related products
PT Sime Darby Oils Indonesia	Indonesia	**100.0**	100.0	2	Provision of procurement, marketing and sale of edible oils
PT Sedjahtera Indo Agro	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sritijaya Abaditama	Indonesia	**60.0**	60.0	2	Investment holding
PT Swadaya Andika	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Tamaco Graha Krida	Indonesia	**90.0**	90.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Teguh Sempurna	Indonesia	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Tunggal Mitra Plantations	Indonesia	**60.0**	60.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
Kula Palm Oil Limited	Papua New Guinea	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
New Britain Palm Oil Limited	Papua New Guinea	**100.0**	100.0	2	Investment holding, cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
Poliamba Limited	Papua New Guinea	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil

Notes to the Financial Statements
For the financial year ended 31 December 2023

48. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Subsidiaries which are active as at 31 December 2023 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Ramu Agri-Industries Limited	Papua New Guinea	**100.0**	100.0	2	Cultivation of oil palm and growing canes, cattle rearing, processing and sale of palm oil, palm kernel oil, sugar, ethanol and beef
Markham Farming Company Limited	Papua New Guinea	**100.0**	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel, palm kernel oil and coconut
Guadalcanal Plains Palm Oil Limited	Solomon Islands	**80.0**	80.0	3	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
New Britain Plantation Services Pte. Ltd.	Singapore	**100.0**	100.0	2	Investment holding and management of oil palm plantations and seed production
Sime Darby Oils Carey Island KCP Sdn Bhd	Malaysia	**100.0**	100.0	1	Processing of palm kernel and related products and export and import of palm kernel oil, expellers and its derivatives
Sime Darby Oils Commodities Sdn Bhd	Malaysia	**100.0**	100.0	1	Trading of crude palm oil and palm oil products and as sub-marketing agent of commodities for its related companies
Sime Darby Oils Langat Refinery Sdn Bhd	Malaysia	**100.0**	100.0	1	Processing and sales of edible oil and related products
Sime Darby Oils (PNG) Limited	Papua New Guinea	**100.0**	–	1	Manufacturing and production of refining palm oil and other products from crude palm oils and palm kernel oils
Sime Darby Oils Port Klang Refinery Sdn Bhd	Malaysia	**100.0**	100.0	1	Processing of edible oil and related products
Sime Darby Oils Trading Private Limited	Singapore	**100.0**	100.0	2	Trading of palm oil, coconut oil and other edible oils
Ultra Oleum Pte. Ltd.	Singapore	**100.0**	100.0	2	Investment holding
Sime Darby Oils Liverpool Refinery Limited	United Kingdom	**100.0**	100.0	3	Refining of crude palm oil
Sime Darby Oils International Limited	Singapore	**100.0**	100.0	2	Management consultancy services and investment holding
Sime Darby Oils Singapore Limited	Singapore	**100.0**	100.0	2	Investment holding
Sime Darby Plantation Investment (Liberia) Private Limited	Singapore	**100.0**	100.0	2	Investment holding
Sime Darby Plantation China Oils And Fats Company Limited	Hong Kong SAR	**100.0**	100.0	2	Investment holding
Sime Darby Plantation Hong Kong Nominees Limited	Hong Kong SAR	**100.0**	100.0	2	Investment holding
Sime Darby Oils Nonthaburi Co., Ltd	Thailand	**99.9**	99.9	2	Processing of soya bean oil and related products

48. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Subsidiaries which are active as at 31 December 2023 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Sime Darby Oils Morakot Public Company Limited	Thailand	**99.9**	99.9	2	Processing and marketing of edible oil and related products
Sime Darby Oils Holdings (Thailand) Limited	Thailand	**100.0**	100.0	2	Investment holding
The China Engineers (Thailand) Limited	Thailand	**99.9**	99.9	2	Investment holding
SD Plantation International Investments Limited	Cayman Islands	**100.0**	100.0	4	Investment holding
Golden Hope Overseas Capital	Mauritius	**100.0**	100.0	2	Investment holding
Mulligan International B.V.	Netherlands	**100.0**	100.0	4	Investment holding and provision of employee services to group companies in the Netherlands
Sime Darby Oils Netherlands B.V.	Netherlands	**100.0**	100.0	4	Investment holding
Sime Darby Oils Zwijndrecht Refinery B.V.	Netherlands	**100.0**	100.0	2	Refining and modification of vegetable oils, selling and marketing of edible oils and related products
Sime Darby Oils Europe B.V.	Netherlands	**100.0**	100.0	2	Trading of crude and processed vegetable oils, raw material procurement, logistics and management of operational risk within the Group
Sime Darby Oils Speciality Ingredients B.V.	Netherlands	**100.0**	100.0	2	Acquiring, processing, producing and selling of special ingredients for use in food, feed, nuritional, pharmaceutical and cosmetical industry and consumer market
Sime Darby Oils South Africa (Pty) Ltd.	South Africa	**100.0**	100.0	2	Refining and marketing of edible oil related products
PT Sime Darby Oils Sei Mangkei Refinery	Indonesia	**100.0**	100.0	2	Industry Separation/Fractionation Crude Oil
PT Sime Darby Plantation Commodities Trading	Indonesia	**100.0**	100.0	2	Wholesale trade of fruit-containing oil

Notes to the Financial Statements
For the financial year ended 31 December 2023

48. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(ii) Joint ventures which are active as at 31 December 2023 are as follows:

Name of company	Country of business	2023	2022	Auditors	Principal activities
Emery Oleochemicals UK Limited	United Kingdom	**50.0**	50.0	3	Distribution of specialty chemical products
SD Plantation TNB Renewables Sdn Bhd	Malaysia	**51.0**	51.0	1	Production and sale of renewable energy using palm oil effluents
Guangzhou Keylink Chemicals Co. Ltd.	China	**49.0**	49.0	3	Manufacturing of surface active agents
Rizhao Sime Darby Oils & Fats Co. Ltd.	China	**45.0**	45.0	4	Storage and marketing of palm oil related products

(iii) Associates which are active as at 31 December 2023 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Barlow Bulking Sdn Bhd	Malaysia	**32.0**	32.0	3	Provision of bulking and marketing facilities for edible oil producers and millers
Nescaya Maluri Sdn Bhd	Malaysia	**40.0**	40.0	3	Investment holding and licensing
Muang Mai Guthrie Public Company Limited	Thailand	**49.0**	49.0	3	Processing of and distribution of rubber
Thai Eastern Trat Co., Ltd.	Thailand	**40.0**	40.0	2	Processing of palm oil and palm kernel
Yayasan Sime Darby	Malaysia	**@**	@	1	Administration of scholarship awards and educational loans, undertake sports, environmental conservation and sustainability projects
Dongguan Sime Darby Sinograin Oils and Fats Co., Ltd	China	**37.0**	37.0	3	Sale of palm oils & fats and other related products

48. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(iv) Subsidiaries which are dormant/inactive as at 31 December 2023 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Derawan Sdn Bhd	Malaysia	**100.0**	100.0	1	Dormant
Kumpulan Jerai Sendirian Berhad	Malaysia	**100.0**	100.0	1	Dormant
Kumpulan Linggi Sendirian Berhad	Malaysia	**100.0**	100.0	1	Dormant
Kumpulan Sua Betong Sdn Berhad	Malaysia	**100.0**	100.0	1	Dormant
Kumpulan Tebong Sdn Berhad	Malaysia	**100.0**	100.0	1	Dormant
Kumpulan Temiang Sdn Berhad	Malaysia	**100.0**	100.0	1	Dormant
Sahua Enterprise Sdn Bhd	Malaysia	**100.0**	100.0	1	Dormant
Bukit Talang Smallholders Sdn Bhd	Malaysia	**100.0**	100.0	1	Dormant
Sime Darby Plantation (Peninsular) Sdn Bhd	Malaysia	**100.0**	100.0	1	Dormant
Golden Hope Overseas Sdn Bhd	Malaysia	**100.0**	100.0	1	Dormant
PT Guthrie Abdinusa Industri	Indonesia	**70.0**	70.0	2	Dormant
Sime Darby Edible Products Tanzania Limited	Tanzania	**100.0**	100.0	4	Dormant
Trolak Estates Limited	Scotland	**100.0**	100.0	5	Dormant
Dusun Durian Plantations Limited	United Kingdom	**100.0**	100.0	5	Dormant
Kinta Kellas Rubber Estate Plc.	United Kingdom	**100.0**	100.0	5	Dormant
Malaysian Estates Plc.	United Kingdom	**100.0**	100.0	5	Dormant
The Kuala Selangor Rubber Plc.	United Kingdom	**100.0**	100.0	5	Dormant
The London Asiatic Rubber and Produce Company Limited	United Kingdom	**100.0**	100.0	5	Dormant
The Pataling Rubber Estates Limited	United Kingdom	**100.0**	100.0	5	Dormant
The Straits Plantations Limited	United Kingdom	**100.0**	100.0	5	Dormant
The Sungei Bahru Rubber Estates Plc.	United Kingdom	**100.0**	100.0	5	Dormant
Sime Darby Oils CleanerG B.V.	Netherlands	**100.0**	100.0	4	Dormant
Sime Darby Plantation Global Berhad	Malaysia	**100.0**	100.0	1	Dormant

Notes to the Financial Statements
For the financial year ended 31 December 2023

48. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(v) Subsidiaries placed under members' voluntary liquidation/deregistered are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%) 2023	Group's effective interest (%) 2022	Auditors	Principal activities
Eminent Platform Sdn Bhd	Malaysia	**100.0**	100.0	4	In members' voluntary liquidation
Golden Hope Agrotech Consultancy Sdn Bhd	Malaysia	**100.0**	100.0	4	In members' voluntary liquidation
Golden Hope Fruit Industries Sdn Bhd	Malaysia	**100.0**	100.0	4	In members' voluntary liquidation
Nature Ambience Sdn Bhd	Malaysia	**100.0**	100.0	4	In members' voluntary liquidation
Sime Darby Plantation Cameroon Ltd.	Cameroon	**100.0**	100.0	4	In members' voluntary liquidation
Sime Darby Oils & Fats Sdn Bhd	Malaysia	**-**	100.0	4	Liquidated

Notes:
1. *Subsidiaries, joint ventures and associates which are audited by PricewaterhouseCoopers PLT, Malaysia.*
2. *Subsidiaries, joint ventures and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.*
3. *Subsidiaries, joint ventures and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited.*
4. *No legal requirement to appoint statutory auditors.*
5. *Subsidiaries which are exempted from having their financial statements audited in UK pursuant to exemption available under section 480 of the UK Companies Act 2006.*

\+ *Notwithstanding that the Group holds more than 50% equity interest in SD Plantation TNB Renewables Sdn Bhd, the investment is classified as a joint venture (and not a subsidiary) as significant decisions require unanimous consent from all its shareholders.*

@ *Yayasan Sime Darby is a company without share capital, limited by guarantee.*

49. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 April 2024.

Statement by Directors

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

We, Tan Sri Dr Nik Norzrul Thani Nik Hassan Thani and Datuk Mohamad Helmy Othman Basha, two of the Directors of Sime Darby Plantation Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 143 to 262 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of the financial performance of the Group and the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed in accordance with a resolution of the Board of Directors dated 23 April 2024.

TAN SRI DR NIK NORZRUL THANI NIK HASSAN THANI
DIRECTOR

DATUK MOHAMAD HELMY OTHMAN BASHA
DIRECTOR

Selangor
23 April 2024

Statutory Declaration

pursuant to Section 251(1) of the Companies Act 2016

I, Renaka Ramachandran, the Officer primarily responsible for the financial management of Sime Darby Plantation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 143 to 262 are, to the best of my knowledge and belief, 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.

RENAKA RAMACHANDRAN
OFFICER

Subscribed and solemnly declared by the abovenamed Renaka Ramachandran at Selangor, Malaysia on 23 April 2024.

Before me,

PESURUHJAYA SUMPAH
B 520
SHAHRUDIN
BIN ESA
1.1.2024 - 31.12.2026
MALAYSIA

COMMISSIONER FOR OATHS

A-7-05, Blok A, Oasis Square,
Jalan PJU 1A/7A, Ara Damansara,
47301 Petaling Jaya, Selangor.

Independent Auditors' Report

to the members of Sime Darby Plantation Berhad

(Incorporated in Malaysia)
Registration No. 200401009263 (647766-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Sime Darby Plantation Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, 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.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss, 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 material accounting policy information, as set out on pages 143 to 262.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' 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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of the carrying value of the goodwill arising from the New Britain Palm Oil Limited ("NBPOL") acquisition Refer to Notes 4(a) and 22(i) to the financial statements. The intangible assets of the Group include goodwill of RM2,341.4 million which arose from the acquisition of NBPOL group during the financial year ended 30 June 2015. The goodwill was partly allocated to PT Minamas Gemilang and its subsidiaries ("Minamas Group") cash generating unit ("CGUs") as the Minamas Group operations are expected to benefit from the additional planting material synergies arising from the acquisition of NBPOL. In accordance with the Group's accounting policy, the Group undertakes an impairment assessment of goodwill on an annual basis or more frequently whenever events or circumstances occur indicate that an impairment may exist. Management performed impairment assessments of the two CGUs based on the value-in-use ("VIU") determined using discounted cash flow models, which were approved by the Directors. A range of sensitivity analysis was also performed by management. We focussed on the recoverability of the carrying amount of goodwill due to the significance of the amount and significant judgement involved in determining the key assumptions used to derive the recoverable amounts of the CGUs, comprising the projection period, fresh fruit bunches ("FFB") yields, crude palm oil ("CPO") selling prices and the discount rates as disclosed in Note 22 (i) to the financial statements. Based on management's assessment, no impairment was required as the recoverable amounts exceeded the carrying amount of goodwill in the two CGUs as at 31 December 2023.	We performed the following audit procedures in relation to the impairment assessment of the carrying value of goodwill: 1. Evaluated the reasonableness of the key assumptions used by management in the approved cash flow projections by: a) agreeing the projection period to the remaining lease period for the respective CGUs; and b) comparing the FFB yields and CPO selling prices to historical results, forecasted commodity prices and industry data where appropriate. 2. Assessed the reliability of management's cash flow projections by comparing the Group's previous years' forecasted results against past trends of actual results. 3. Involved our valuation experts to independently assess the discount rates used in determining the recoverable amounts of the respective CGUs, and determined whether the change in the discount rates used compared to the rates used in the previous financial year is reasonable. 4. Assessed the appropriateness of sensitivity analysis performed by management, including the disclosures of a reasonable possible change in the key assumptions and the corresponding effect on the respective recoverable amounts by re-performing the sensitivity analysis. 5. Checked the mathematical accuracy of the VIU cash flows. Based on the above procedures, we did not note any material exception to management's assessment of the recoverability of the Group's carrying amount of goodwill arising from the acquisition of NBPOL as at 31 December 2023.

We have determined that there are no key audit matters to report for the Company.

Independent Auditors' Report

to the members of Sime Darby Plantation Berhad

(Incorporated in Malaysia)
Registration No. 200401009263 (647766-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Directors' Report and the remaining sections of the 2023 Annual Report of Sime Darby Plantation Berhad, 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 have 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 judgement 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 of 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(d) Conclude on the appropriateness of the Directors' 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 on 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 or 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or 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 48 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.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

GAN WEE FONG
03253/01/2025 J
Chartered Accountant

Kuala Lumpur
23 April 2024

Properties of the Group

As at 31 December 2023

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)+	Description	Net book value (RM million)
UPSTREAM PROPERTIES						
Malaysia						
Kedah Darul Aman						
Anak Kulim, Bukit Hijau, Bukit Selarong, Jentayu, Padang Buluh, Somme, Sungai Dingin	Freehold	18,741	1978-2006	18	Oil palm and rubber estates and a palm oil mill	411
Bukit Hijau	Leasehold expiring 2068	9	2006	–	Rubber estate	^
Perak Darul Ridzuan						
Bagan Datoh, Bikam, Chersonese, Cluny, Elphil, Flemington, Holyrood, Kalumpong, Kamuning, Kinta Kellas, Sabrang, Selaba, Seri Intan, Sogomana, Sungai Samak, Sungei Wangi, Tali Ayer	Freehold	36,690	1978-2001	14-30	Oil palm and rubber estates and 5 palm oil mills	1,168
Chersonese, Cluny, Kalumpong, Kamuning, Kinta Kellas, Sogomana, Sungai Samak, Tali Ayer	Leasehold expiring 2035-2897	5,446	1978-1987	–	Oil palm estates	74
Pahang Darul Makmur						
Chenor, Jabor, Jentar, Kerdau, Mentakab, Sungai Mai	Freehold	9,315	1985-2006	27	Oil palm estates and 2 palm oil mills	325
Bukit Puteri, Chenor, Kerdau, Sungai Mai	Leasehold expiring 2057-2086	10,621	1985-1992	17-27	Oil palm estates and a palm oil mill	118
Selangor Darul Ehsan						
Banting, Bestari Jaya, Bukit Cheraka, Bukit Kerayong, Bukit Lagong, Bukit Rotan, Bukit Talang, Dusun Durian, East Carey Island, Sabak Bernam, Sepang, Sungai Buloh, Teluk Panglima Garang, Tennamaram, West Carey Island	Freehold	35,140	1978-2013	6-32	Oil palm estates, 4 palm oil mills, biodiesel and kernel crushing plants, rat bait factory, laboratories, research centres, warehouse and a training centre	1,297
East Carey Island, Port Klang, Sungai Buloh, Tennamaram	Leasehold expiring 2029-2086	170	1978-2010	47	Oil palm estates and a bulking plant	18

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)+	Description	Net book value (RM million)
UPSTREAM PROPERTIES (CONTINUED)						
Malaysia (continued)						
Negeri Sembilan Darul Khusus						
Bradwall, Bukit Pelandok, Bukit Pilah, Kok Foh, Labu, P.D. Lukut, Pertang, Salak, Sengkang, Siliau, Sungai Gemas, Sungai Sabaling, St Helier, Sua Betong, Sungai Bharu, Tampin Linggi, Tanah Merah	Freehold	36,019	1978-2009	11-26	Oil palm and rubber estates, 4 palm oil mills, laboratories and a research centre	804
Kok Foh, Sungai Bharu	Leasehold expiring 2034-2072	146	1982-1993	–	Oil palm estates	2
Melaka						
Bukit Asahan, Diamond Jubilee, Kempas, Kemuning, Serkam	Freehold	14,724	1978-2011	16-24	Oil palm estates and 2 palm oil mills	309
Bukit Asahan, Diamond Jubilee, Kempas, Kemuning, Serkam	Leasehold expiring 2025-2071	470	1982-1992	–	Oil palm estate	2
Johor Darul Takzim						
Batu Anam, Bukit Badak, Bukit Benut, Bukit Paloh, CEP Nyior, CEP Renggam, Cha'ah, Gunung Mas, Hadapan, Kempas Klebang, Kulai, Lambak, Lanadron, Layang, Muar River, New Pagoh, North Labis, Pagoh, Pengkalan Bukit, Sembrong, Seri Pulai, Sungai Senarut, Sungai Simpang Kiri, Tangkah, Tun Dr. Ismail, Ulu Remis, Welch, Yong Peng	Freehold	54,207	1978-2012	6-27	Oil palm and rubber estates, 4 palm oil mills, laboratories and a research centre	1,537
Cenas, CEP Nyior, Cha'ah, Lanadron, Layang, Muar River, Pekan, Sembrong, Sungai Senarut, Sungai Simpang Kiri, Ulu Remis	Leasehold expiring 2068-2918	18,611	1978-2012	27-31	Oil palm estates and 2 palm oil mills	237
Sabah						
Binuang, Bombalai, Giram, Imam, Jeleta Bumi, Kunak, Melalap, Merotai, Mostyn, Sandakan Bay, Sapong, Segaliud, Sentosa, Sungang, Table, Tiger, Tigowis, Tingkayu, Tun Tan Siew Sin, Tunku	Leasehold expiring 2038-2940	53,645	1978-1983	16-37	Oil palm estates, 5 palm oil mills, a bulking plant, laboratories and a research centre	1,522

Properties of the Group
As at 31 December 2023 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)+	Description	Net book value (RM million)
UPSTREAM PROPERTIES (CONTINUED)						
Malaysia (continued)						
Sarawak						
Bayu, Belian, Chartquest, Damai, Derawan, Dulang, Kelida, Lavang, Paroh, Pekaka, Rajawali, Rasan, Ruai, Sahua, Samudera, Semarak, Takau	Leasehold expiring 2045-2082	46,999	1990-2004	20-28	Oil palm estates, 4 palm oil mills, laboratories and a research centre	1,048
Upstream Malaysia Properties		**340,953**				**8,872**
Indonesia						
Kalimantan – West						
Awatan, Beturus, East, Karya Palma, Kelampai, Lembiru, Pelanjau, Sei Mawang, Sungai Putih, West	Leasehold expiring 2030- 2053	36,880	2001-2013	12-21	Oil palm estates, 2 palm oil mills and a bulking plant	312
Kalimantan – Central						
Baras Danum, Batang Garing, Hatan Tiring, Kawan Batu, Kuala Kuayan, Pemantang, Sapiri, Sekunyir, Seruyan, Sukamandang	Leasehold expiring 2033-2034	39,116	2001-2018	15-26	Oil palm estates, 3 palm oil mills, a bulking plant and a kernel crushing plant	470
Kalimantan – South						
Bakau, Banjarbaru, Bebunga, Betung, Binturung, Gunung Aru, Gunung Kemasan, Lanting, Laut Timur, Matalok, Pantai Bonati, Pantai Timur, Pondok Labu, Rampa, Randi, Rantau, Sangkoh, Sekayu, Selabak, Sesulung, Sungai Cengal	Leasehold expiring 2032-2054	72,767	2001-2012	6-27	Oil palm estates, 5 palm oil mills, 2 bulking plants and a kernel crushing plant	1,622
Sulawesi – Central						
Ungkaya	Leasehold expiring 2024	4,712	2001-2011	11-28	Oil palm estate, a palm oil mill and a bulking plant	106
Sumatera – Jambi						
Panjang	Leasehold expiring 2038-2053	4,000	2001-2007	15	Oil palm estate and a palm oil mill	38
Sumatera – South						
Bumi Ayu, Bukit Pinang, Karang Ringin, Mangun Jaya, Napal, Rantau Panjang, Sungai Jernih, Sungai Pinang	Leasehold expiring 2033-2034	21,075	2001-2002	20-22	Oil palm estates and 2 palm oil mills	375

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)+	Description	Net book value (RM million)
UPSTREAM PROPERTIES (CONTINUED)						
Indonesia (continued)						
Sumatera – East Aceh						
Batang Ara, Blang Simpo 1 & 2, Tamiang	Leasehold expiring 2027-2037	8,742	2001-2008	25-40	Oil palm estates and a oil palm mill	162
Sumatera – Riau						
Alur Damai, Aneka Persada, Mandah, Menggala 1 – 3, Nusa Lestari, Nusa Persada, Pekanbaru, Pinang Sebatang, Rotan Semelur, Teluk Bakau, Teluk Siak	Leasehold expiring 2031-2036	54,835	2001-2015	9-27	Oil palm estates, 5 palm oil mills and a research centre	1,100
Upstream Indonesia Properties		**242,127**				**4,185**
Papua New Guinea						
West New Britain, Morobe, Oro, Milne Bay, New Ireland, Markham Valley	Leasehold expiring 2052-2115	138,475	2018-2023	3-50	Oil palm estates, a sugarcane, plantation, grazing, pastures, a refinery, 2 biogas plants, a sugar factory, 12 palm oil mills, 6 kernel crushing plants, and 2 abattoirs	3,415
Solomon Islands						
Guadalcanal	Leasehold expiring 2043-2065	8,315	2015	7-17	Oil palm estates, a palm oil mill and a kernel crushing plant	315
Upstream Properties		**729,870**				**16,787**
DOWNSTREAM AND OTHERS PROPERTIES						
Malaysia						
Selangor Darul Ehsan						
Teluk Panglima Garang	Freehold	2	2012	–	Vacant land	4
North Port Edible Oil Refinery Complex, Teluk Panglima Garang	Leasehold expiring 2076-2105	17	2006-2012	12-14	Refineries	128
Johor Darul Takzim						
Pasir Gudang	Leasehold expiring 2035-2043	6	1974-1985	47	Refinery	15

Properties of the Group
As at 31 December 2023 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)+	Description	Net book value (RM million)
DOWNSTREAM AND OTHERS PROPERTIES (CONTINUED)						
Sarawak						
Kawasan Perindustrian Kidurong, Bintulu	Leasehold expiring 2072	14	2004	9-15	Refinery and a kernal crushing plant	25
Downstream and Others Properties – Malaysia		**39**				**172**
Overseas						
Indonesia						
Desa Sei Taib, Kecamatan Pulau Laut, Kalimantan	Leasehold expiring 2044	32	2014	8-9	Refinery	123
Sumatera North	Leasehold expiring 2052	16	2022	–	Refinery	42
Thailand						
Sukhumvit Road, Bangkok	Freehold	–	1986-2011	5-34	Office buildings	5
Poochaosamingprai Road, Samut Prakan	Freehold	5	1986	3-34	2 Refineries	30
Tiwanon Road, Nonthaburi	Freehold	13	2014	37-42	Crushing and refining plant and office building	91
The Netherlands						
Lindtsedijk, Zwijndrecht	Freehold	11	2022	9-91	Refinery and a research centre	152
South Africa						
Boksburg	Leasehold expiring 2026	1	2004	11	Refinery	^
United Kingdom						
Liverpool	Leasehold expiring 2034	3	2015	8-13	Refinery and office building	92
Papua New Guinea						
Markham Valley, Madang, Buka	Leasehold expiring 2083	1	2018	6-13	2 copra mills	165
Downstream and Others Properties – Overseas		**82**				**700**
Downstream and Others Properties		**121**				**872**

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)+	Description	Net book value (RM million)
GENERAL						
Malaysia						
Selangor Darul Ehsan						
Plantation Tower Oasis, Ara Damansara	Freehold	2	2012	9	Office complex	234
Negeri Sembilan Darul Khusus						
Port Dickson	Freehold	3	2018	28-64	Holiday bungalow	5
Pahang Darul Makmur						
Cameron Highlands	Leasehold expiring 2026-2082	2	2018	36-93	Holiday bungalow	8
Plantation Properties - General		**7**				**247**
Total Plantation Properties		**729,998**				**17,906**

+ The age of building is in respect of the building, mill and plant
^ NBV less than RM1 million

Analysis of Shareholdings

As at 2 April 2024

Total Number of Issued Shares : 6,915,714,601
Class of Shares : Ordinary Shares
Voting Rights : One vote per ordinary share in the case of a poll and one vote per person on a show of hand

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,956	12.26	69,884	0.00
100 to 1,000	5,915	24.54	3,538,442	0.05
1,001 to 10,000	11,368	47.15	37,739,737	0.55
10,001 to 100,000	2,997	12.43	82,129,170	1.19
100,001 to less than 5% of issued capital	871	3.61	2,552,693,863	36.91
5% and above of issued capital	3	0.01	4,239,543,505	61.30
Total	24,110	100.00	6,915,714,601	100.00

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individuals	19,346	81.97	117,578,632	1.70
Banks/Finance Companies	62	0.26	4,457,270,761	64.45
Investment Trusts/Foundations/Charities	19	0.08	1,842,134	0.03
Industrial and Commercial Companies	502	2.13	67,031,942	0.97
Government Agencies/Institutions	1	0.00	1,065,890	0.02
Nominees	3,671	15.55	2,270,819,967	32.83
Others	2	0.01	105,275	0.00
Total	23,603	100.00	6,915,714,601	100.00

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

As disclosed in the Directors' Report of the Financial Statements as set out on page 138, none of the Directors of the Company have any interest, direct or indirect, in shares, or debentures of, the Company or in a related corporation.

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholder	No. of Shares Held (Direct Interest)	% of Issued Shares	No. of Shares Held (Indirect/ Deemed Interest)	% of Issued Shares
1	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	3,159,953,877	45.692		0.000
2	Employees Provident Fund Board	646,610,350	9.350	403,891,239	5.840
3	Kumpulan Wang Persaraan (Diperbadankan)	434,312,778	6.280	24,635,100	0.356

TOP 30 SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	% of Issued Shares
1	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	3,159,953,877	45.69
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	645,278,850	9.33
3	Kumpulan Wang Persaraan (Diperbadankan)	434,310,778	6.28
4	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	317,650,927	4.59
5	AmanahRaya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	162,023,064	2.34
6	AmanahRaya Trustees Berhad Amanah Saham Malaysia	156,966,854	2.27
7	Permodalan Nasional Berhad	105,497,723	1.53
8	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	92,041,237	1.33
9	Lembaga Tabung Haji	69,431,800	1.00
10	AmanahRaya Trustees Berhad Amanah Saham Malaysia 3	63,085,937	0.91
11	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	59,898,317	0.87
12	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	53,650,000	0.77
13	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	49,296,169	0.71
14	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	48,469,579	0.70
15	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	47,244,170	0.68
16	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	41,845,349	0.61
17	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	40,462,700	0.59
18	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	39,809,128	0.58
19	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	38,774,511	0.56
20	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	33,519,453	0.48

Analysis of Shareholdings

As at 2 April 2024

No.	Name of Shareholder	No. of Shares Held	% of Issued Shares
21	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Kuwait Investment Office (KIO)	29,493,700	0.43
22	Cartaban Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad for Prulink Strategic Fund	28,166,300	0.41
23	AmanahRaya Trustees Berhad Public Islamic Dividend Fund	26,263,600	0.38
24	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	23,988,600	0.35
25	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn. Bhd. (1)	23,780,774	0.34
26	Cartaban Nominees (Tempatan) Sdn Bhd PBTB for Takafulink Dana Ekuiti	22,625,599	0.33
27	Citigroup Nominees (Asing) Sdn Bhd CB Spore GW for Government of Singapore (GIC C)	18,660,723	0.27
28	AmanahRaya Trustees Berhad Public Islamic Equity Fund	17,584,198	0.25
29	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	17,122,202	0.25
30	AmanahRaya Trustees Berhad Public Ittikal Sequel Fund	17,113,884	0.25
Total		5,884,010,003	85.08

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting (AGM) of Sime Darby Plantation Berhad (SD Plantation or Company) will be held virtually from Grand Ballroom, Level 2, DoubleTree by Hilton Shah Alam i-City, i-City Finance Avenue, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia as the Broadcast Venue and via the TIIH Online website at https://tiih.online on Tuesday, 28 May 2024 at 9.30 a.m. for the transaction of the following businesses:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon.

   Refer to Explanatory Note 1

2. To approve the payment of Directors' fees to the Non-Executive Directors up to an amount of RM4,500,000 from 29 May 2024 until the date of the next AGM of the Company. **(Resolution 1)**

   Refer to Explanatory Note 2

3. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM1,300,000 from 29 May 2024 until the date of the next AGM of the Company. **(Resolution 2)**

   Refer to Explanatory Note 2

4. To re-elect the following Directors who retire in accordance with Rule 81.2 of the Constitution of the Company and who being eligible, offer themselves for re-election:

   (i) Mohd Irwan Ahmad Mustafa **(Resolution 3)**
   (ii) Jenifer Thien Bit Leong **(Resolution 4)**
   (iii) Sharifah Sheila Syed Muhamad. **(Resolution 5)**

   Refer to Explanatory Note 3

5. To re-elect the following Directors who retire in accordance with Rule 103 of the Constitution of the Company and who being eligible, offer themselves for re-election:

   (i) Dato' Halipah Esa **(Resolution 6)**
   (ii) Datuk Mohd Anwar Yahya. **(Resolution 7)**

   Refer to Explanatory Note 3

6. To appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Board of Directors to determine their remuneration. **(Resolution 8)**

   Refer to Explanatory Note 4

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to participate at this 21st Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Rule 63 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 17 May 2024. Only a depositor whose name appears on the Record of Depositors as at 17 May 2024 shall be entitled to participate at the said meeting or appoint proxies to participate and/or vote on his/her behalf.

By Order of the Board

Azrin Nashiha Abdul Aziz
(LS0007238)
(SSM Practicing Certificate No. 202208000233)
Company Secretary

Selangor Darul Ehsan, Malaysia
25 April 2024

Notice of Annual General Meeting

NOTES:

Virtual Meeting

1. The venue of the 21st Annual General Meeting (AGM) is strictly a Broadcast Venue as the conduct of the 21st AGM will be a virtual meeting. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.

2. Shareholders will not be allowed to attend the 21st AGM in person at the Broadcast Venue on the day of the meeting.

3. Shareholders are to attend (including posing questions in real time to the Board in the form of typed texts) and vote (collectively, participate) remotely at the 21st AGM through the Remote Participation and Voting facilities (RPV) provided by Tricor Investor & Issuing House Services Sdn Bhd through its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for the 21st AGM.

Proxy and/or Authorised Representative

1. A member of the Company entitled to participate at the 21st AGM is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to participate at the 21st AGM on his/her behalf. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a member of the Company.

2. A member of the Company may appoint any person to be his/her proxy without any restriction as to the qualification of such person.

3. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 21st AGM of the Company shall be put to vote by way of a poll.

4. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.

5. Where a member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.

6. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised, or in any other manner authorised by the Constitution of the Company. Any alteration to the instrument appointing a proxy must be initialled.

7. The appointment of proxy(ies) may be made in a hardcopy form or by electronic means as follows:

    (i) In Hardcopy Form

    The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than Monday, 27 May 2024 at 9.30 a.m.

    (ii) By Tricor Online System (TIIH Online)

    The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online (applicable to individual share owners only). The website to access TIIH Online is https://tiih.online (Kindly refer to the Administrative Details for the 21st AGM on the "Procedure for Electronic Lodgement of the Form of Proxy" on how to submit the e-Proxy).

Explanatory Notes

1. Audited Financial Statements for the Financial Year Ended 31 December 2023

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 (CA 2016) for discussion only. The Audited Financial Statements do not require shareholders' approval and as such, will not be put forward for voting.

2. Directors' Remuneration - Fees and Benefits Payable to the Non-Executive Directors

Rule 82.1 of the Constitution of the Company provides that the fees and benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting. Pursuant to Section 230 of CA 2016, fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Nomination & Remuneration Committee (NRC) is responsible for ensuring that compensation policies and packages of Directors are reflective of the Sime Darby Plantation Berhad (SD Plantation) Group's demands, complexities and performance as a whole as well as the skills and experience required, and in line with the strategic objectives of the Company which rewards contribution to the long term success of the Company. In this regard, the NRC has performed the following reviews:

(i) Revision to the Benefits-in-Kind for Sime Darby Plantation Berhad

The benefits-in-kind (BIK) in the Board Remuneration Framework for the Non-Executive Directors of SD Plantation was last reviewed and adopted in February 2020. In 2024, the NRC reviewed and proposed revisions to the BIK to remain competitive and to provide better clarity for some of the benefits. Key revisions made to the BIK include:

(a) Expanding the provision of Company Car for the Chairman to cover electric, internal combustion or hybrid vehicles. Should an electric vehicle (EV) be chosen, the cost of EV charging will be paid by the Company in place of petrol.

(b) Enhancing the medical benefit in line with current market practices.

The Board has approved the revision to the BIK, which will take effect on 1 July 2024.

(ii) Board Remuneration Framework of Flagship and Major Subsidiary Companies

In 2023, the NRC commenced a review of the Board Remuneration Framework for the following companies:

(a) Sime Darby Oils International Limited
(b) PT Minamas Gemilang & PT Anugerah Sumbermakmur
(c) New Britain Palm Oil Limited

(collectively Flagship and Major Subsidiary Companies).

The review was assisted by a consultant with the aim of ensuring that the level and composition of the remuneration of the Boards of Flagship and Major Subsidiary Companies are aligned with similar businesses in the marketplace and the ongoing rate for comparable roles. The NRC viewed that the Flagship and Major Subsidiary Companies Boards need to be remunerated competitively based on their roles and responsibilities to attract the right talent and calibre taking into account the performance of the companies, the business direction, aspirations and expectations of future growth. This was also in view of the future plan to transition all Major Subsidiary Companies into Flagship Subsidiary Companies including the establishment of additional Board Committee(s). The review concluded in 2024 with the Board approving the change in remuneration across two phases i.e. first increase on 1 July 2024 and second increase on 1 July 2025.

Notice of Annual General Meeting

In this respect, the Board agreed that shareholders' approval be sought on the Directors' remuneration in two (2) separate resolutions as follows:

(i) Resolution 1 - Payment of Directors' fees to the Non-Executive Directors

The proposed payment of Directors' fees for the NEDs from 29 May 2024 until the date of the next AGM of the Company is based on the following fee structure:

Company	Board/ Board Committee	Current (up to 30 June 2024)		First Phase (period from 1 July 2024 to 30 June 2025)		Second Phase (from 1 July 2025)	
		Chairman (per year)	Member (per year)	Chairman (per year)	Member (per year)	Chairman (per year)	Member (per year)
Sime Darby Plantation Berhad	Board	RM600,000	RM240,000	No change	No change	No change	No change
	Governance & Audit Committee	RM80,000	RM50,000	No change	No change	No change	No change
	Other Board Committees	RM60,000	RM35,000	No change	No change	No change	No change
PT Minamas Gemilang & PT Anugerah Sumbermakmur	Board (SD Plantation Nominee)	RM80,000	RM50,000	Increase to RM135,000	Increase to RM72,500	Increase to RM200,000	Increase to RM100,000
	Governance, Audit & Risk Committee	RM20,000	RM12,000	Increase to RM25,000	Increase to RM13,500	Increase to RM30,000	Increase to RM15,000
	Other Board Committee(s)	Nil	Nil	RM22,500 (New)	RM11,250 (New)	No change	No change
Sime Darby Oils International Limited	Board (SD Plantation Nominee)	SGD27,000	SGD20,000	Increase to SGD40,000	Increase to SGD25,000	Increase to SGD58,000	Increase to SGD30,000
	Governance & Audit Committee	SGD7,000	SGD5,000	Increase to SGD8,000	No change	Increase to SGD9,000	No change
	Other Board Committee(s)	Nil	Nil	SGD6,500 (New)	SGD3,250 (New)	No change	No change
New Britain Palm Oil Limited	Board (SD Plantation Nominee)	PGK102,600	PGK85,250	Increase to PGK110,000	No change	Increase to PGK162,000	No change
	Audit Committee	Nil	Nil	PGK20,000 (New)	PGK10,000 (New)	Increase to PGK25,000	Increase to PGK12,500
	Other Board Committee(s)	Nil	Nil	PGK18,000 (New)	PGK9,000 (New)	No change	No change

(ii) Resolution 2 - Payment of Benefits Payable to the Non-Executive Directors

The benefits payable to the NEDs comprise allowances and other emoluments payable to the Chairman and members of the Board, Board Committees and boards of subsidiary companies.

The Company is seeking shareholders' approval for benefits payable to the NEDs from 29 May 2024 until the date of the next AGM in accordance with the benefits structure, set out below:

Description	Current (up to 30 June 2024)				
	Sime Darby Plantation Berhad		Flagship/Major Subsidiary Companies		
			PT Minamas Gemilang & PT Anugerah Sumbermakmur	Sime Darby Oils International Limited	New Britain Palm Oil Limited
	Chairman	Member	Chairman & Member	Chairman & Member	Chairman & Member
Meeting Allowance (per meeting)					
Board	RM1,500	RM1,500	RM1,000	SGD300	PGK750
Board Committees	RM1,000	RM1,000	Nil	Nil	Nil
Benefits	• Company car, petrol and driver. • Telecommunication devices/facilities, medical and insurance coverage.	• Telecommunication devices/facilities, medical and insurance coverage.			

Description	Proposed (from 1 July 2024)				
	Sime Darby Plantation Berhad		Flagship/Major Subsidiary Companies		
			PT Minamas Gemilang & PT Anugerah Sumbermakmur	Sime Darby Oils International Limited	New Britain Palm Oil Limited
	Chairman	Member	Chairman & Member	Chairman & Member	Chairman & Member
Meeting Allowance (per meeting)					
Board	No change	No change	No change	SGD1,000	PGK1,000
Board Committees	No change	No change	RM500	SGD500	PGK500
Benefits	• Company car, petrol, electric vehicle (EV) charging and driver. • Telecommunication devices/facilities, medical and insurance coverage.	• Telecommunication devices/facilities, medical and insurance coverage.	• Telecommunication devices/facilities and insurance coverage.		

Notice of Annual General Meeting

In determining the estimated total amount of Directors' fees and benefits payable for the NEDs, the Board has considered various factors including the number of scheduled and special meetings for the Board, Board Committees and boards of subsidiary companies, based on the current number of NEDs including a provisional sum as a contingency for future appointment of NEDs on the Board, Board Committees and boards of subsidiary companies as well as changes in foreign exchange rate.

The proposed Resolutions 1 and 2, if passed, will give authority to the Company to pay the Directors' fees and benefits payable on a quarterly basis and/or as and when incurred. The decision in respect of fees and benefits payable by the subsidiary companies will be made by the shareholder of the subsidiary companies in accordance with the laws applicable in its jurisdiction.

Any NEDs who are shareholders of the Company will abstain from voting on Resolutions 1 and 2 concerning remuneration to the NEDs at the 21st AGM of the Company.

3. Resolutions 3 to 7 – Re-election of Directors in accordance with Rule 81.2 and Rule 103 of the Constitution

(i) Rule 81.2 of the Constitution of the Company stipulates that a Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board, shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election at such meeting.

Mohd Irwan Ahmad Mustafa and Jenifer Thien Bit Leong who were appointed during the financial year as well as Sharifah Sheila Syed Muhamad who was appointed on 5 February 2024 being eligible, have offered themselves for re-election at the 21st AGM pursuant to Rule 81.2 of the Constitution of the Company.

(ii) Rule 103 of the Constitution of the Company expressly states that at least one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A Director retiring at a general meeting shall retain office until the conclusion of the meeting. In addition, Rule 104 of the Constitution states that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

Dato' Halipah Esa and Datuk Mohd Anwar Yahya being eligible, have offered themselves for re-election at the 21st AGM in accordance with Rule 104 of the Constitution.

(iii) The NRC has considered the performance and contribution (including fit and proper assessment) of each of the retiring Directors and has also conducted an independence assessment for Independent NEDs.

Based on the results of the Board & Directors' Effectiveness Evaluation conducted for the financial year ended 31 December 2023, the retiring Directors met the performance criteria required of an effective and high-performance Board. The Directors have also met the overarching fit and proper criteria of the Company.

(iv) The Board has endorsed the NRC's recommendation to seek shareholders' approval for the re-election of the retiring Directors. All Directors standing for re-election have abstained from deliberation and decision on their own eligibility to stand for re-election at the relevant Board meeting and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

4. Resolution 8 - Re-appointment of Auditors

The Governance & Audit Committee (GAC), at its meeting held on 18 April 2024, undertook an annual assessment of the suitability and independence of the external auditors, PricewaterhouseCoopers PLT (PwC), in accordance with the Policy on External Auditor Appointment & Selection. The GAC considered the following factors in its assessment:

(i) Calibre of external audit firm
(ii) Quality of processes/performance
(iii) Audit team
(iv) Independence and objectivity
(v) Audit scope and planning
(vi) Audit fees
(vii) Audit communications.

In addition, the GAC has also considered the information in the Annual Transparency Report of the external audit firm with reference to Guidance 9.3 of the MCCG 2021.

The GAC was satisfied with the suitability of PwC based on the quality of audit, performance and competency provided by PwC to the SD Plantation Group as prescribed under Paragraph 15.21 of the MMLR. The GAC was also satisfied in its review that the provision of non-audit services by PwC to the Group and the Company for the financial year ended 31 December 2023 did not in any way impair their objectivity and independence as the external auditors of the Company.

The Board has, at its meeting held on 23 April 2024, agreed with the GAC's recommendation that shareholders' approval be sought at the 21st AGM on the appointment of PwC as the external auditors of the Company for the financial year ending 31 December 2024, as set out under Resolution 8. The present external auditors, PwC, have indicated their willingness to continue their services for the financial year ending 31 December 2024.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profile of the Directors, including the nature and extent of any conflict of interest or potential conflict of interest, who are standing for re-election as enumerated in Resolutions 3 to 7 above at the 21st Annual General Meeting of Sime Darby Plantation Berhad are set out in the "Directors' Profiles" section on pages 96 to 99 of the Company's Integrated Report 2023.

The details of any interest in securities held by the said Directors are set out in the "Directors' Report" section on page 141 of the Company's Integrated Report 2023.

SIME DARBY PLANTATION BERHAD

Registration No.: 200401009263 (647766-V)

Main Block, Level 10, Plantation Tower

No. 2, Jalan PJU 1A/7, Ara Damansara

47301 Petaling Jaya, Selangor

Malaysia

Tel: (603) 7848 4000 Fax: (603) 7848 4172

www.simedarbyplantation.com