

## RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

Golden Agri-Resources Ltd (the “**Company**” or “**GAR**” and together with its subsidiaries, the “**Group**”) would like to provide its response to the questions raised by Securities Investors Association (Singapore) on 11 April 2025 in relation to the Company’s Annual Report for the financial year ended 31 December 2024 (“**Annual Report**”) prior to the upcoming Annual Meeting (“**AM**”) to be held in a wholly physical format on 25 April 2025 at 2.00 pm, as follows:

**Q1.** Despite the group’s stated focus on yield intensification through scientific and technological innovation, FY2024 palm product output declined 7.4% to 2.72 million tonnes, impacted by the 2023 drought and ongoing land preparation for replanting. In contrast, the Indonesia palm oil output declined by 4% in 2024.

Management regards the group’s estates are among the best-managed and most productive in the industry. However, a SGX-listed peer reported an increase in fresh fruit bunch (FFB) yield from 18.4 to 19.5 tonnes per mature hectare in 2024, while the group’s own FFB yield fell from 19.7 to 18.7 tonnes, a decline of 5.1%. Total FFB harvested dropped 6.3% from 9.59 million to 8.98 million tonnes.

The age profile of the group’s 536,234 hectares of planted area is shown below. 24% of the group’s planted area is older than 25 years, and another 14% is in the “Prime 2” category (aged 19–25 years). During the year, the group replanted 21,500 hectares of old estates.

- (i) **What was the group’s FFB yield per mature hectare in FY2024? How does this compare with industry benchmarks?**
- (ii) **What factors contributed to the group’s more pronounced drop in yield and production versus national benchmarks and peer companies?**
- (iii) **With the drought, did the group use the opportunity to gather agronomic evidence or field trial results to confirm whether its next-generation drought-resistant palms are outperforming previous cultivars in actual yield and survivability?**
- (iv) **With 24% of palms aged over 25 years and 14% in late-prime years, is there now an accelerated replanting urgency to maintain long-term productivity and cost efficiency?**

### Company’s response to Question 1 (i)

Golden Agri-Resources Ltd (“GAR” or the “Company”)’s fresh fruit bunch yield per mature hectare was 18.7 tonnes in FY2024, a decline of 5% year-on-year. This trend was broadly in line with industry peers, which generally also experienced a year-on-year decline, with Indonesia’s total crude palm oil (“CPO”) production declining by 4% during the year. The decline in output was primarily impacted by the 2023 El Niño which created water deficit.

### Company’s response to Question 1 (ii)

In addition to weather conditions, yield is affected by various factors, including the age profile of the oil palm trees and geographic location of the estates. Regional differences in weather patterns and climate condition can result in significant productivity variance across plantations.

Furthermore, the Company’s production decline was impacted by our accelerated replanting activities. Land preparation for replanting activity reduced our mature area by 5,300 hectares as of end-2024 from a year before. This change in plantation profile has temporarily impacted our short-term productivity, but is expected to boost long-term productivity as the newly replanted estates use next-generation, higher yielding planting materials and are designed to accommodate mechanisation for improved cost efficiency.

For 2024, GAR’s CPO yield was 3.8 tonnes per hectare, consistently above the Indonesia industry average.

Company's response to Question 1 (iii)

Yes, we continuously monitor a range of performance indicators to evaluate the development and productivity of our newly developed planting materials compared with the existing ones.

Our mature planted area that uses these planting materials is relatively small for now. It will take several years to have an appropriate size of prime mature replanted area for a scientifically conclusive benchmarking and analysis.

Company's response to Question 1 (iv)

In the past few years, the Group has focused on accelerating its replanting activities. In 2024, we successfully replanted 21,500 hectares of old estates, a significant increase from 14,200 hectares in 2023. Looking ahead, we are targeting to replant approximately 20,000 hectares annually.

**Q2.** Mr Franky Widjaja, the executive chairman and chief executive officer (CEO) of the company, concurrently serves as the executive chairman of Sinarmas Land Limited (SML) while Mr Muktar Widjaja, the executive director and president of the company, is also an executive director and the CEO of SML.

- (i) **How do the executive directors ensure they are able to dedicate sufficient time, focus, and leadership capacity to the group, given their concurrent full-time responsibilities at SML?**
- (ii) **How much time do the executive directors actively spend on the affairs of the group, including operational oversight, board matters, and strategic decision-making?**

In FY2024, the three executive directors received a total remuneration of \$11,373,411, representing an increase of up to 33.8% from the low end of the \$8.5 million to \$9.25 million range in FY2023.

- (iii) **Could the remuneration committee (RC) provide insights on how performance of executive directors was assessed in relation to the group's overall financial performance and strategic goals? What quantitative and qualitative KPIs were used to justify the pay increase—e.g., earnings growth, yield, cost optimisation, operational efficiency, ESG factors?**
- (iv) **How are fluctuations in average CPO prices, which are largely exogenous in nature, taken into account in the assessment of management performance and the determination of executive remuneration?**
- (v) **How is total shareholder return (TSR) incorporated into the performance assessment and remuneration structure of the executive directors?**
- (vi) **Has the nominating committee benchmarked the executive directors' remuneration against other listed Indonesia-based palm oil plantation companies? Based on these comparisons, is the current compensation level reasonable?**

#### Company's response to Question 2 (i) and 2 (ii)

The executive directors are fully aware of their fiduciary and leadership responsibilities, and as expected of their positions, they dedicate an adequate and substantial portion of their time to operational oversight, strategic planning, board matters, and stakeholder engagement in service to the Company. They are not distracted by, and neither have their dedication to their work for GAR been diverted by the involvements elsewhere.

In any event, the Nominating Committee conducts an annual review of each director's involvement, support and capacity to discharge their duties effectively. Based on 2024 assessment, the Nominating Committee is satisfied that the executive directors have allocated sufficient time and attention to the Company's affairs and have fulfilled their responsibilities without compromising performance and governance standards.

#### Company's response to Question 2 (iii)

Our remuneration philosophy supports the Company's strategy and enables it to achieve its business objectives. To ensure the "reward for performance" principle, the Company aligns its strategic goals to performance indicators, sets proper targets, and identifies plans and actions to achieve value targets, monitors and finally reward performance achievement.

The extent of an executive director's performance and contributions towards the achievement of corporate objectives and targets as mentioned above, for the year under review, largely determine their remuneration. The total remuneration for executive directors is also benchmarked against other major Singapore-listed companies.

#### Company's response to Question 2 (iv)

The operational and financial performance of the Company is influenced by many important factors, including CPO prices, productivity, cost efficiency, sales volume, market reach, refining margin, ability to produce higher value products, and logistic capability. In addition, the contribution from our business enablers, such as financial resilience, mechanisation and automation initiatives, talent development, organisational culture enhancement, stakeholder engagements, and adherence to sustainability practices, all play a pivotal role.

While CPO prices materially affect the Company's overall profitability, the performance evaluations of executive directors and management focus on areas within their control which also materially affect the Company's performance.

Performance evaluation includes the management's ability to develop and implement long term growth strategies that will strengthen the resilience of the Company against factors that cause severe fluctuations to its earnings.

#### Company's response to Question 2 (v)

Over the long term, share prices tend to align with the fundamental value generated by a business. However, in the short term, they can diverge significantly from underlying operational and financial performance due to external market forces beyond management's control. We also view that incorporating share price as one of the metrics in executive remuneration plans carries the risk of misalignment with core business objectives and may shift focus away from sustainable, long-term value creation. Therefore, TSR is not incorporated into the performance assessment and remuneration structure of the executive directors.

#### Company's response to Question 2 (vi)

The Nominating Committee and the Remuneration Committee did not benchmark the executive directors' remuneration against other listed Indonesia-based palm oil plantation, as there is no significant and relevant data available. However, the total remuneration for executive directors is benchmarked against other major Singapore-listed companies.

**Q3.** According to SGX StockFacts, the company currently trades at a price-to-book value of 0.44 times and has a price-to-earnings ratio of ~6.2 times.

Over the past decade<sup>1</sup>, the stock has traded between \$0.15 to \$0.45.

Stock exchanges and regulators worldwide, including Tokyo Stock Exchange (TSE) and Korea's Financial Services Commission (FSC), have been pushing for improved corporate valuations.

- TSE now requires companies trading consistently below book value ( $P/B < 1x$ ) to disclose policies and initiatives aimed at enhancing valuation.
- The Monetary Authority of Singapore (MAS) has formed a review group to strengthen the equity market, focusing on improving liquidity and fair valuation for listed companies.

(i) **What has been the TSR over the past 5, 10 and 15 years?**

(ii) **How is the board, particularly the independent directors, addressing the company's persistent undervaluation? What strategic measures are being considered to improve capital efficiency and shareholder returns?**

(iii) **Has the board evaluated how past transactions involving the controlling family—such as the privatisation of Golden Energy and the ongoing offer for Sinarmas Land—may have damaged investor confidence and contributed to persistent undervaluation? What step is the company taking to restore credibility and trust among minority shareholders?**

<sup>1</sup> <https://bigcharts.marketwatch.com/quickchart/quickchart.asp?symb=SG%3AE5H&insttype=Stock&freq=2&show=&time=13>

#### Company's response to Question 3 (i)

While TSR over the past 15 and 10 years was negative at -21% and -24%, respectively, we note a significant turnaround during the most recent 5 years, with TSR reaching +35%. Other than external factors like the CPO price trend, this reflects progress made through disciplined execution of our strategic priorities, improved operational performance, and commitment to creating long-term value for our shareholders.

#### Company's response to Question 3 (ii)

The Board, including the independent directors, recognises that the Company's current undervaluation remains a key concern for shareholders. We acknowledge that substantial investments made on our operational activities over the past few years may not yet be fully reflected in our current valuation. The Company continues its strategic priorities to enhance business model resiliency and improve long-term shareholder returns. These include replanting programmes, expansion in downstream capability, technology upgrades, destination market reach, and sustainability initiatives and practices.

The Company has focused on maintaining a resilient balance sheet through prudent financial management. Supported by robust profit margins, we have endeavoured to achieve an optimum capital structure by deleveraging, preserve healthy liquidity, diversify funding alternatives at more favourable terms, and disciplined capital allocation.

The Company remains committed to building transparent and constructive relationships with shareholders. This includes the voluntary disclosure of key financial, operational, and business updates every quarter, beyond mandatory reporting requirements. We also maintain an open and proactive communication with investors, analysts, and other financial stakeholders, ensuring that the Company's achievements, business strategy and priorities are clearly communicated. Aside from public reporting, this information is disseminated through various channels such as corporate website, social media, as well as direct discussion through conference, meetings, calls and email communication.

Company's response to Question 3 (iii)

Although GAR is one of the companies controlled by the family of controlling shareholders to Golden Energy and Sinarmas Land, GAR remains focused on its own business and enhancing its own value. Matters pertaining to other companies are outside of the control of GAR, and has no relation to GAR.

Rafael Buhay Concepcion, Jr.  
Director  
**GOLDEN AGRI-RESOURCES LTD**  
17 April 2025