Bumitama Agri Ltd.

Excellence Through Discipline

Annual Report 2021

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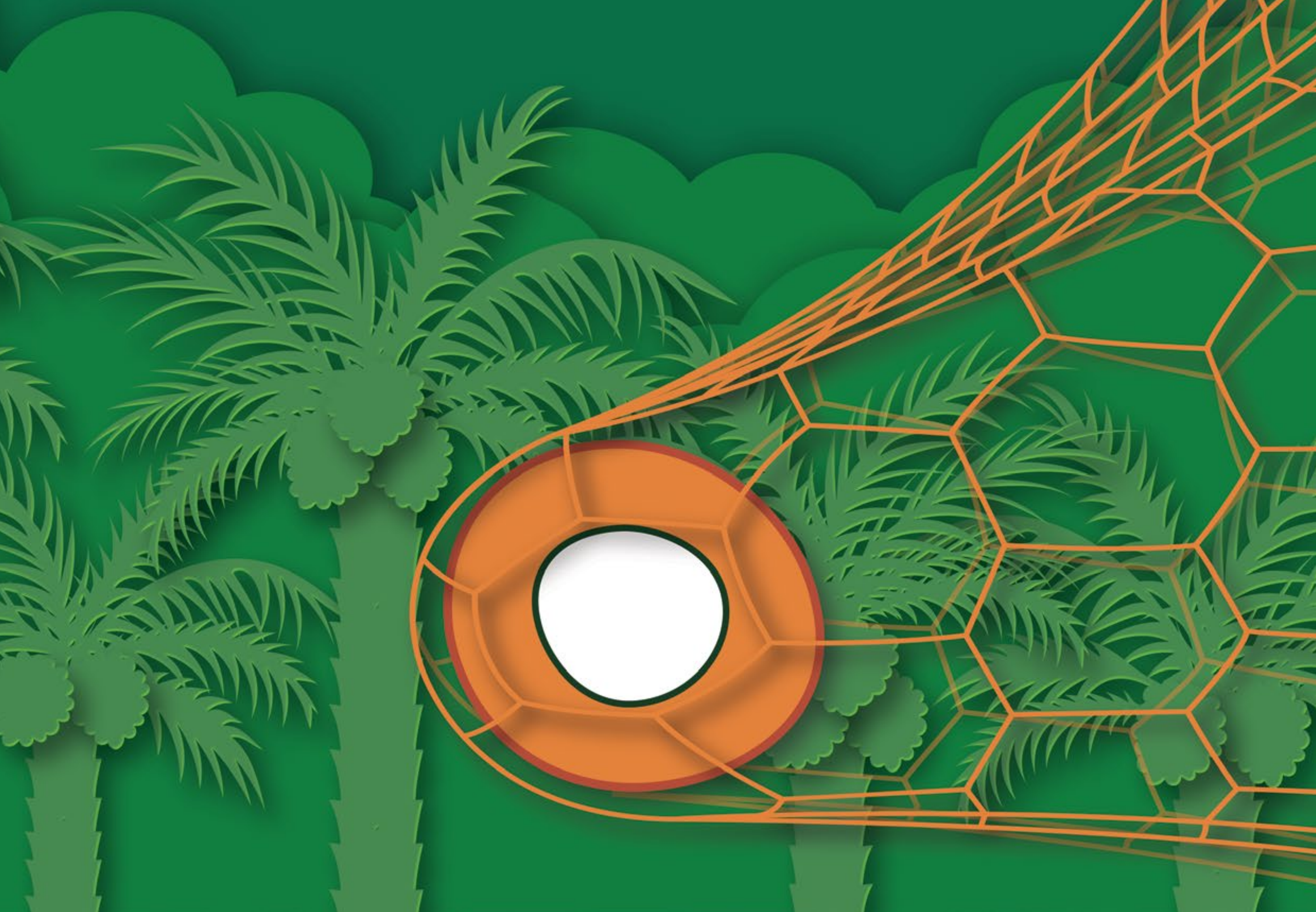
OUR VISION

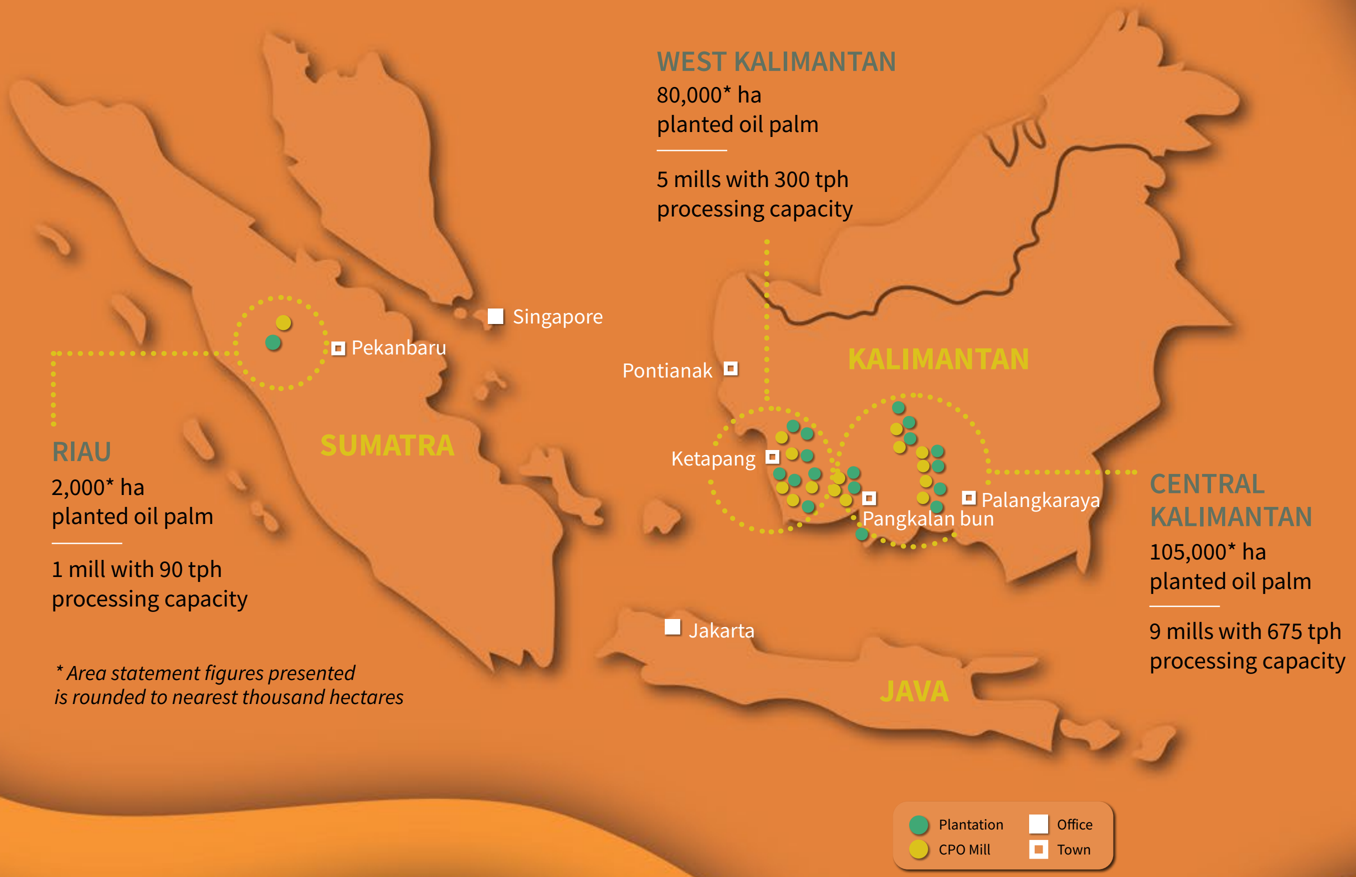
To be a leading CPO producer
through continuous improvement;
focus on productivity, cost efficiency,
sustainability and growth.

OUR MISSION

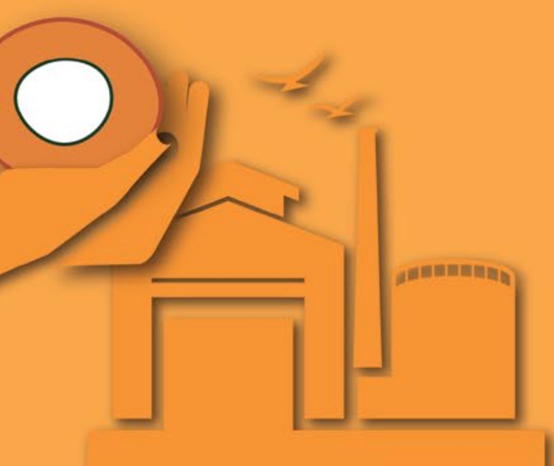
To enhance shareholder's value;
to improve the benefits and quality of life of
our employees; to improve the welfare of the
local communities and the environment.



Corporate Profile



Bumitama maintains a competitive dividend policy over the years, with increasingly attractive dividend distribution that has risen by 15.3% per year since 2013



Bumitama Agri Ltd. ("Bumitama" or the "Group") is a leading producer of crude palm oil ("CPO") and palm kernel ("PK") in Indonesia. The Group is principally engaged in the cultivation of oil palm trees, as well as the harvesting and processing of fresh palm fruit bunches ("FFB") into CPO and PK. It was founded in 1996 and listed on the Singapore Exchange in 2012.

Our "Excellence Through Discipline" Motto

Bumitama is in the robust and accelerated phase of its growth and its rise to prominence in the global palm oil industry is underpinned by a firm commitment to pursue excellence through discipline; a guiding and core values of the Group.

This commitment is manifested in an all-around suite of strengths that has propelled Bumitama to outperform many of its peers, amidst the challenging dynamics that shaped the global palm oil industry in the past decade.

A Key Industry Player with Highly Competitive Operational Metrics

CPO Production volumes over 10 years

CAGR 11.8%

CPO yield in 2021

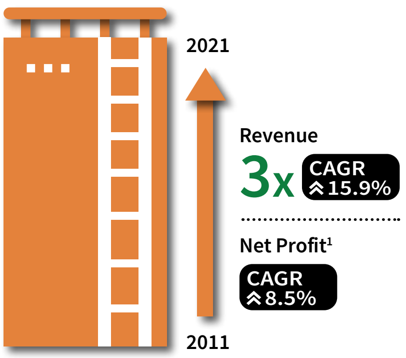
4.2 tonnes per ha

Past extensification efforts, combined with continuous improvement in production processes, have bolstered Bumitama's FFB (internally sourced) and CPO production volumes to climb significantly over the last ten years, with a CAGR of 11.8%. The Group has consistently stayed on the path towards achieving higher yields and extraction rates by investing in research and development, technology, and best practices in cultivation of oil palm. These efforts have made the Group one of the most efficient producers in the industry today, boasting a CPO yield of 4.2 tonnes per ha in 2021.

In recognition of its operations' superiority, the Group has received numerous accolades which include having listed as Forbes Asia's 200 Best Under a Billion 2013, earned Frost & Sullivan Indonesia's Excellence Award in 2014, and obtained the Best Managed Small Cap Company in 2016 and the Most Outstanding Company in Singapore for the Decade (2010-2019) in 2019 from Asiamoney.

Financial Rigour

On the back of strong production processes, Bumitama's financial fundamentals have shown a rapid and steady ascent. Revenue rose more than three-fold from 2011 to 2021 (a CAGR of 15.9%), while net profit[1] sustained an 8.5% CAGR over the same period. The Group keeps its balance sheet lean, with low gearing ratio of 0.3x and strong cashflow. Among other factors, this led to RAM Ratings reaffirming the Group's Sukuk 2014/2029's AA_3/Stable rating in 2021, before upgrading it to AA_2/Stable in early 2022.



The Group's financial excellence has been acknowledged with The Edge Billion Dollar Club – Most Profitable Company (Agriculture Sector) Award for 3 years in a row (2017, 2018, 2019), named as The Straits Times' Distinguished Member of Singapore Fastest Growing Companies in 2020, and made it to the list of The Financial Times' High-Growth Companies Asia-Pacific in the same year.

Robust Governance

Bumitama's discipline in managing its operations and finances has been forged in the framework of corporate governance that champions excellence through a culture of compliance as well as prudent and comprehensive risk management. By adhering to the Ministry of Agriculture's Indonesian Sustainable Palm Oil ("ISPO") certification scheme's requirements and voluntary certification schemes' requirements, such as those of the Roundtable for Sustainable Palm Oil ("RSPO"), the Group stays ahead of the curve in the area of regulatory, social and environmental compliance. This has earned Bumitama Asiamoney's Best Overall for Corporate Governance, Best for Disclosure & Transparency, and Best for Responsibilities of Management and the Board of Directors awards.

Commitment to Shareholder Value

Bumitama's long-standing focus on delivering high shareholder value is reflected in its active engagement with the capital market community, for which it has received Asiamoney's accolades namely Best for Investor Relations and Best for Shareholders' Rights and Equitable Treatment. Furthermore, the Company maintains an attractive dividend policy over the years, with increasingly strong dividend distribution that has risen by 15.3% per year since 2013, from 1.20 Singapore cents per share in 2013 to 3.75 Singapore cents in 2021.

Favorable Plantation Profile with Geographic Advantage

As of end of 2021, Bumitama's total planted area of 187,917 hectares is spread across the Indonesian provinces of Central Kalimantan, West Kalimantan, and Riau – areas with ample precipitation and temperature range suitable for oil palm cultivation. As 96.4% of the planted area is either maturing, closing in towards prime age, or being in the peak productivity phase, Bumitama is poised to sustain growth in production volume in the upcoming years. Weighted average age of its nucleus and smallholders plantation as of 31 December 2021 is 11.6 years.

Strategic Locations

The Group's plantations are located in close proximity to the fifteen palm oil mills it operates, thus expediting FFB evacuation and processing to ensure optimum productivity, and becoming one of the nation's most efficient producers by reducing overall transportation-related costs while keeping CO_2 emissions low. With a total annual FFB processing capacity of 6.39 million metric tonnes, these mills ensure consistent, high quality CPO output. In 2021, Bumitama sold 1.08 million metric tonnes of CPO and 226.3 thousand metric tonnes of PK.

Balanced Portfolio

Plasma estate comprising 55,189 hectares constitute a sizeable 29.4% of total planted area under the Group's management. Fruits from the community owned plasma estates, together with the FFB from the independent smallholders which makes up 22.4% of total FFB in 2021, has lead to a steady supply of FFB. Sourcing from local communities allows us to apply our Sustainability policy requirements in relation to third parties and thus better manage the environmental and social issues in our supply chain. Although some challenges remain, we are positive that the communities are being provided with optimal support to improve their livelihoods in a sustainable manner.

Social Integration

Driven to increase transparency and product traceability, Bumitama strives to obtain sustainable certifications beyond its own managed plantation by working closely with its plasma and independent smallholders. With regards to the context of responsible sourcing, we are constantly working towards full traceability of all FFB processed within our mills. To further amplify the positive social impacts of our endeavours, the Group cultivates good relations with local communities, government bodies, and civil society partners through various multi-stakeholder collaborations across our operational areas.

Environmental Stewardship

As one of the first few oil palm growers to adopt a "No Deforestation, No Peat and No Exploitation" policy, Bumitama is widely recognised for pioneering sustainability initiatives, all of which supports its comprehensive Sustainability Policy. Its groundbreaking Bumitama Biodiversity and Community Project ("BBCP"), now running in its sixth year in West Kalimantan, continues to evolve as it blends efforts to augment ecosystem services with those that strengthen local communities' self-reliance and elevate their living standards, and leads the way to galvanise an industry-wide movement towards more sustainable operations.

[1] Net profit attributable to owners of the Group

Chairman's Message

With Bumitama's reputation as one of the most efficient palm oil producers, we are emboldened by our shareholders' trust to continue making substantial investments to grow the business and make it more resilient in the long run

Dear Shareholders,

On behalf of the Board of Directors, it is with pleasure that I present to you the FY2021 Annual Report of Bumitama Agri Ltd ("Bumitama" or the "Group").

We have witnessed how emphatically the world rebounded from 2020's contraction. Global GDP expanded 5.9% in 2021, by IMF's estimate, bolstered by massive stimulus measures alongside a swift and successful vaccination campaign. As societies learnt to deal with COVID-19, now entering its third year, economic activities have bounced back towards pre-pandemic levels. However, global markets were barely ready when economies reopened and demand returned in full force after going through two years of lockdowns with reduced capacities and supply chain that followed, spurring commodity prices to previously unseen levels. Commodity prices soared further in February 2022 with the Russia–Ukraine conflict muddying the situation.

At the close of 2021, Indonesia economy reversed from four consecutive quarterly contractions to record 3.69% growth versus the previous year and notch a first-in-a-decade current account surplus, on the back of strong demand from its trade

partners. Hence, last year was a remarkable year for Indonesia's export commodities. Being the world's top CPO producer and exporter, Indonesia stood to gain from the commodity's rising prices amidst a shortfall of edible oils worldwide. The government has also been supportive to the industry, as reflected in its commitment to the B30 biodiesel mandate amidst widening gap between prices of fossil oil and edible alternative. As CPO supply was sub-optimal due to La Niña's double-dip, demand remained vibrant domestically and abroad, pushing prices upwards.

Progress in Operations Amidst the Pandemic

Bumitama has been quick to act against this dynamic backdrop. We judiciously navigated the challenges and assiduously deployed our initiatives to turn every opportunity into results. We suppressed COVID-19 spread by upholding stringent protocols, and once vaccines became available, we co-operated with relevant parties to inoculate our workforce. As our employees worked undisrupted in a safe environment, we forged a powerful synergy from top management to the workers to deliver impactful growth.

Safeguarding our smooth operations are a set of supporting systems that had been designed with foresight and firmly executed, from infrastructure and workforce management to procurement and logistics. We secured fertiliser supply ahead of time to apply it as planned, despite growing scarcity with supply disrupted in major producing countries. Unwavering efforts to maintain a robust and climate-ready estate infrastructure, alongside comprehensive water management in strategic areas, ensured operational integrity across our estates. And implementing our best-in-class agronomic practices with discipline proved instrumental in keeping productivity levels steady despite the excessive rainfall for two years in a row.

As of 31 December 2021, we managed 187,917 hectares ("ha") of planted area in three provinces in Indonesia, 96.4% of which contain mature plants. Our plantations are in prime productivity, with the trees' weighted average age of 11.6 years. We replaced about 500 ha of older palms with higher-yielding and more climate resilient seedlings in 2021. We had begun replanting well ahead of time in order to maximise assets and returns.

Bumitama is poised for growth in the upcoming years supported with favourable average age profile as of 1 January 2022

12.5

years

A total of 4.64 million Metric Tonnes ("MT") of Fresh Palm Fruit Bunches ("FFB") were produced in FY2021, 2.4% higher than in the previous year, with FFB yield of 18.6 MT per ha. Our uncompromising and zero-waste approach to manuring and fertiliser use over many years helped us keep CPO yield stable at around 4.2 MT per ha in FY2021, with oil extraction rate at 22.6% for the past two years. Hence, CPO production climbed 2.6% from FY2020's results to 1.05 million MT, while Palm Kernel ("PK") rose by 3.4% to reach 223,000 MT in FY2021.

FY2021

Fresh Palm Fruit Bunches produced

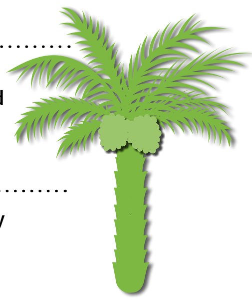
2.4 %

Crude Palm Oil Production climbed

2.6 %

Palm Kernel rose by

3.4 %



Robust Financial Performance

Stronger production in FY2021 enabled Bumitama to capitalise on soaring prices and surpass the IDR 10-trillion revenue milestone. We sold 1.08 million MT of CPO in FY2021 at IDR 9,852 per kg, 18.2% higher on average than in FY2020, and 226,314 MT of PK at IDR 7,063 per kg, 61.8% above FY2020's average. This brought the Group's total revenue to IDR 12.25 trillion, a 34.6% increase from the previous year.

Higher FFB prices from our plasma and external parties drove cost of sales up by 33.7% in FY2021. This translated to EBITDA of IDR 3.50 trillion and net profit of IDR 2.09 trillion in FY2021, an increase

Chairman's Message

of 35.8% and 53.4%, respectively, from our FY2020 results. With these achievements, we strengthened our financial position, expanding total equity by 13.9% to reach IDR 12 trillion by year-end.

The Group took advantage of its strong cash flows in FY2021 to repay some loans and borrowings earlier, bringing down net gearing ratio to the lowest level, at 0.33x, since listing in 2012. Our consistent degearing, amidst CPO's high-price climate going into 2022, has been acknowledged by RAM Ratings, which upgraded Bumitama's sukuk rating from AA_3/Stable to AA_2/Stable in January 2022. This affirms market confidence in our efforts to manage cost while ensuring steady production growth and solid financial fundamentals as we move forward.

Enhancing Shareholder's Value

Throughout 2021, the Group engaged the global investment community more intensively with its newly-introduced quarterly investor circular, and raised the bar in corporate disclosure. With greater exposure of our breakthroughs and ongoing initiatives, we aim to leverage investors' interest in our strengths and potentials to create and deliver value. In this regard, we appreciate the recognition of Bumitama as the Most Outstanding Company in Singapore (Small/Mid Cap) by Asiamoney.

Bumitama as the Most Outstanding Company in Singapore (Small/Mid Cap) by Asiamoney.

We are committed to enhancing shareholder's value and maintain a policy to distribute dividend of up to 40% of our earnings. Given our FY2021 financial results, we propose final one-tier tax exempt cash dividend distribution of S$0.033 per share, subject to shareholders' approval at the forthcoming annual general meeting. Combined with the September 2021 interim dividend payment, total dividend based on FY2021 financial performance amounted to S$0.0375 per share, double the eight-year average since the Group's public listing in 2012, which translates to more than 5% dividend yield and among the highest in the industry. With Bumitama's reputation as one of the most efficient palm oil producers, we are emboldened by our shareholders' trust to continue making substantial investments to grow the business and make it more resilient in the long run.

Continuous Improvement Underlying Productivity Resilience

Bumitama's plantation management practices are perfected over time by the principle of continuous improvement towards excellence. This vision inspires our every action and interaction with stakeholders. We inculcate the culture of innovation in our workforce, and invite employees to showcase creative ideas for enhancing our operations and elevating their work meaningfully. Their input has been invaluable for us in highlighting challenges that need tackling and areas ripe for refining.

While we hold firm to our foundational values, a mindset shift is vital to keeping our competitive edge sharp. We have initiated several mechanisation programmes to scale up productivity and are adopting digital technologies to streamline our processes and augment the business, to make Bumitama an exciting and vibrant place to pursue one's career, especially the young people, on whose leadership the Group's future successes will depend.

Considerate of the increased scarcity of land, our Sustainability Policy commitments and the risks of climate change, Bumitama has been intensively exploring productivity and yield enhancement opportunities. We put high hopes into our tissue culture laboratory to secure strong production of the Group in the future.

Attuned to Business Sustainability

Embedded in Bumitama's progress is our mission to make local communities benefit from our presence, and the surrounding environment thrive under our stewardship. Through employment provided to locals and social projects focused on equitable education, Bumitama has substantially

assisted local communities to expand their capabilities and improve their quality of life. Bumitama's Sustainability Policy, slated for review in 2022, has guided our environmental initiatives and climate roadmap to cut our carbon footprint by 30% by 2030. The methane capture facility installed in our largest mill in Riau in 2021 marked our first step.

Our continued effort to strengthen our governance and transparency has been reflected in improvement of score in the numerous 2021 ESG monitoring indexes.

Business Outlook

The world's economy is on track to grow around 4% in 2022. Yet concerns over unchecked inflation and a highly charged geopolitical climate mean businesses risk delving deeper into uncharted terrains. Given both Russia and Ukraine's standing among top exporters of certain energy, chemical, and edible oil commodities, protracted hostilities and economic sanctions will threaten to impede global flow of these goods, with repercussions certain to be felt across various industries. Indeed, in the first quarter of 2022, CPO prices have been hoisted above 2021's November peak. A combination of vigorous demand, marginal supply increases, and uncertainty surrounding availability of alternatives will further sustain CPO prices at buoyant levels.

We are thankful for our employees and partners' untiring effort, and the support from all stakeholders as we surmounted the challenges and performed tremendously well in 2021

As we prudently take stock of the situation, we have our reasons to regard the future with optimism, and be confident of our journey ahead. With our multi-years yield optimisation programmes starting to bear fruit, Bumitama is well-poised to reap large gains from palm oil's stellar fundamentals. Our solid cash position empowers us to explore potential high-return investments that come our way. Finally, we stand ready to support the government's initiatives to amplify palm oil's role in catering to the world's growing needs and in elevating Indonesia's socio-economic landscape.

We are thankful for our employees and partners' untiring effort, and the support from all stakeholders as we surmounted the challenges and performed tremendously well in 2021. We extend gratitude to the shareholders and the investment community for their faith in our endeavours. Together with the Board of Directors and Key Management, whose actions and expertise have brought Bumitama to where it is today, I look forward to leading Bumitama to deliver a more resounding feat.

Yours Sincerely,

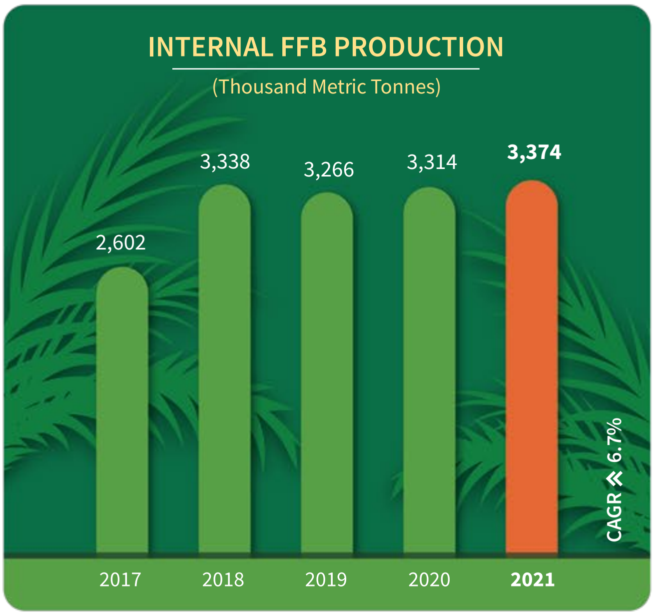
Gunawan H. Lim
Executive Chairman
and Chief Executive Officer

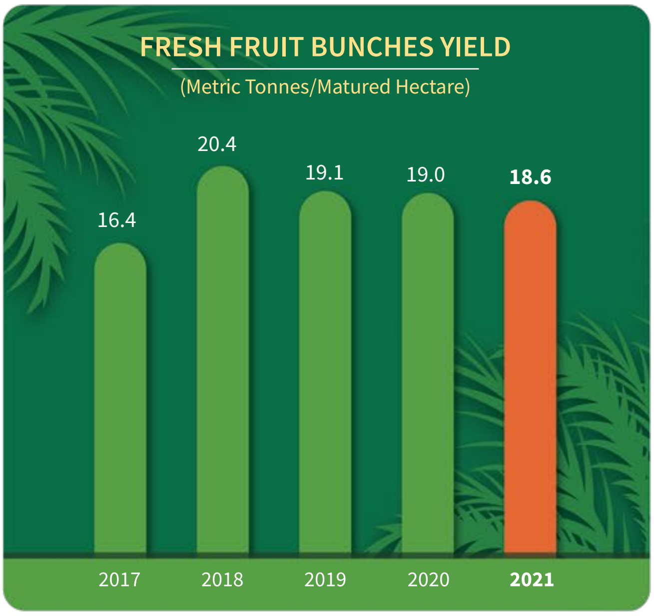
25 March 2022

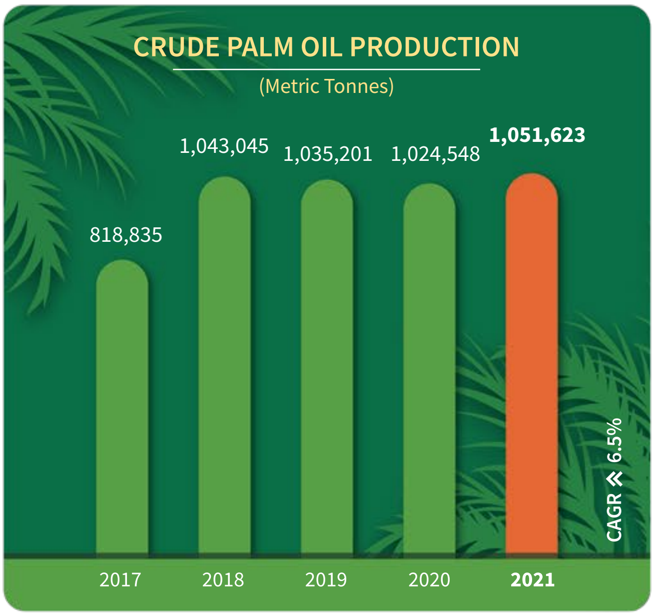
Operational & Financial Highlights

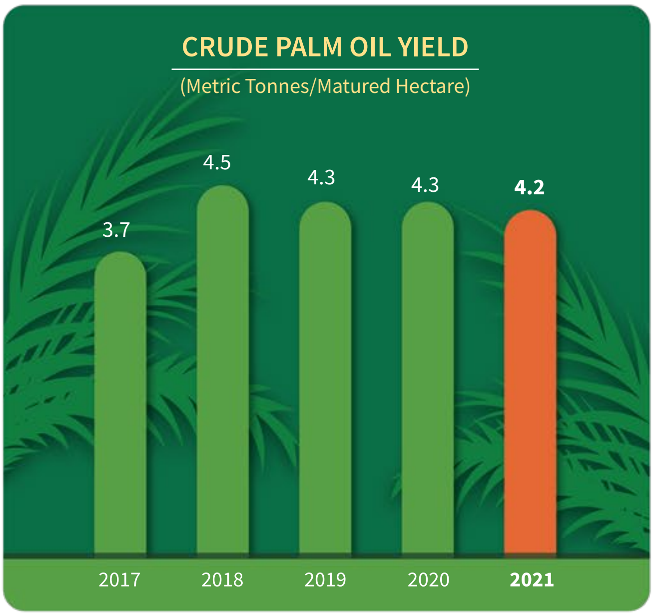
OPERATIONAL HIGHLIGHTS

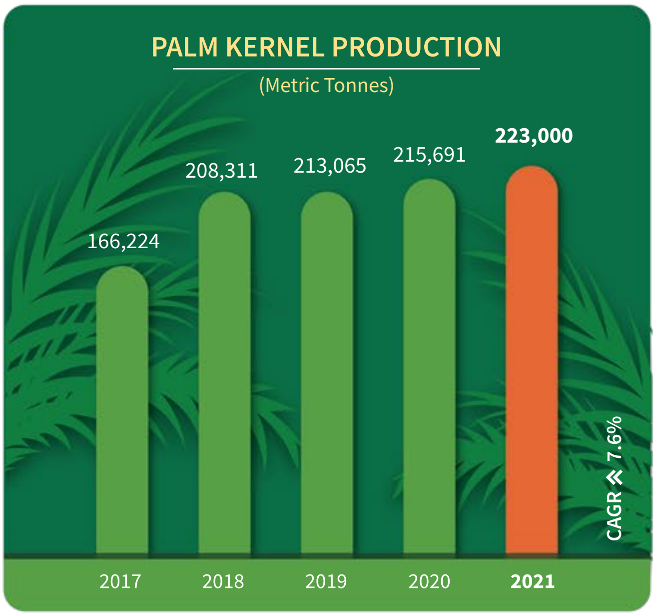
FINANCIAL YEAR	2017	2018	2019	2020	2021
PLANTATION AREA (Hectares)					
Total Planted Area	182,675	185,165	187,567	187,917	**187,917**
Matured palms	158,083	162,815	170,053	173,464	**181,211**
Immature	24,592	22,350	17,514	14,453	**6,706**
Nucleus Planted Area	131,421	132,431	132,643	132,816	**132,728**
Matured palms	110,699	113,238	117,590	120,643	**126,582**
Immature	20,722	19,193	15,053	12,173	**6,146**
Plasma Planted Area	51,254	52,734	54,924	55,101	**55,189**
Matured palms	47,384	49,577	52,463	52,821	**54,629**
Immature	3,870	3,157	2,461	2,280	**560**
Planted Area by Location					
Kalimantan	180,366	182,856	185,258	185,608	**185,608**
Riau	2,309	2,309	2,309	2,309	**2,309**
PRODUCTION VOLUME (Metric Tonnes)					
Internal Fresh Fruit Bunches ("FFB")	2,602,224	3,338,234	3,266,483	3,314,128	**3,373,559**
Nucleus	1,784,729	2,276,866	2,231,353	2,270,745	**2,336,178**
Plasma	817,495	1,061,368	1,035,130	1,043,383	**1,037,381**
Crude Palm Oil ("CPO")	818,835	1,043,045	1,035,201	1,024,548	**1,051,623**
Palm Kernel ("PK")	166,224	208,311	213,065	215,691	**223,000**
PRODUCTIVITY					
FFB Yield per Matured Hectare (metric tonnes)	16.4	20.4	19.1	19.0	**18.6**
CPO Yield per Matured Hectare (metric tonnes)	3.7	4.5	4.3	4.3	**4.2**
Oil Extraction Rate (%)	22.7	22.1	22.7	22.6	**22.6**
Kernel Extraction Rate (%)	4.6	4.4	4.7	4.8	**4.8**

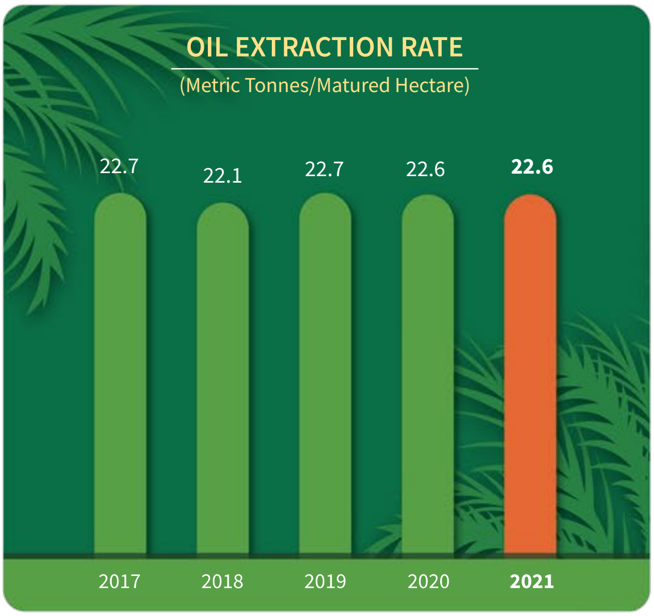

INTERNAL FFB PRODUCTION
(Thousand Metric Tonnes)
2,602
3,338
3,266
3,314
3,374
2017
2018
2019
2020
2021
CAGR ≪ 6.7%


FRESH FRUIT BUNCHES YIELD
(Metric Tonnes/Matured Hectare)
16.4
20.4
19.1
19.0
18.6
2017
2018
2019
2020
2021


CRUDE PALM OIL PRODUCTION
(Metric Tonnes)
818,835
1,043,045
1,035,201
1,024,548
1,051,623
2017
2018
2019
2020
2021
CAGR ≪ 6.5%


CRUDE PALM OIL YIELD
(Metric Tonnes/Matured Hectare)
3.7
4.5
4.3
4.3
4.2
2017
2018
2019
2020
2021


PALM KERNEL PRODUCTION
(Metric Tonnes)
166,224
208,311
213,065
215,691
223,000
2017
2018
2019
2020
2021
CAGR ≪ 7.6%


OIL EXTRACTION RATE
(Metric Tonnes/Matured Hectare)
22.7
22.1
22.7
22.6
22.6
2017
2018
2019
2020
2021

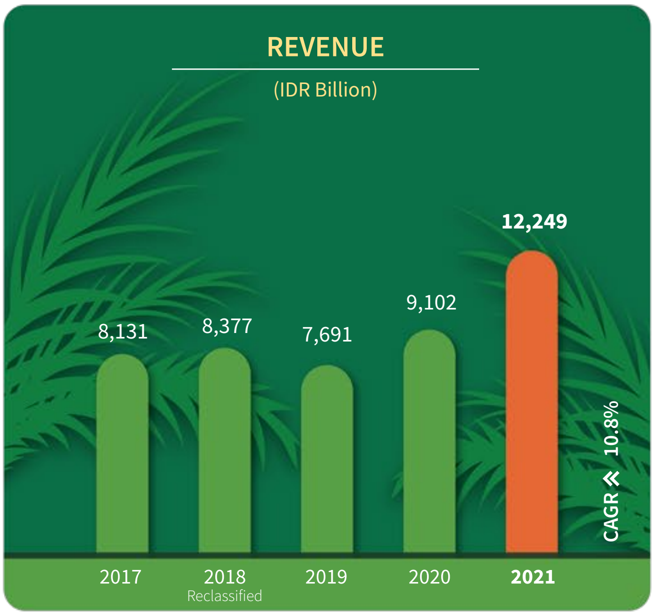
Operational & Financial Highlights

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR	2017	2018	2019	2020	2021
INCOME STATEMENT (IDR Billion)					
Revenue	8,131	8,377[1]	7,691	9,102	**12,249**
Gross Profit	2,389	2,387	1,733	2,526	**3,457**
Fair Value Changes in Biological Assets	36	(48)	20	26	**82**
Profit before tax	1,894	1,705	1,193	1,931	**2,864**
EBITDA	2,427	2,395	1,694	2,575	**3,498**
Net Profit	1,424	1,295	840	1,362	**2,089**
Net Profit Attributable to Owners of the Company	1,193	1,097	686	1,126	**1,721**
EPS Attributable to Owners of the Company (IDR per Share)[2]	682	627	392	645	**986**
BALANCE SHEETS (IDR Billion)					
Total Assets	15,290	16,539	17,444	18,233	**17,686**
Total Current Assets	1,906	2,410	2,506	2,618	**2,179**
Total Current Liabilities	1,278	6,427	1,721	1,722	**1,218**
Total Non-current Liabilities	5,540	1,112	6,292	5,977	**4,469**
Total Equity	8,472	9,000	9,431	10,534	**11,999**
Equity Attributable to Owners of the Company	7,449	7,771	8,082	9,017	**10,300**
FINANCIAL STATISTICS					
Revenue Growth	22.6%	3.0%	(8.2%)	18.3%	**34.6%**
Gross Profit Margin	29.4%	28.5%	22.5%	27.8%	**28.2%**
Operating Profit Margin	23.9%	22.0%	14.1%	21.1%	**22.5%**
EBITDA Margin	29.8%	28.6%	22.0%	28.3%	**28.6%**
Net Profit Margin	17.5%	15.5%	10.9%	15.0%	**17.1%**
Return on Equity[3]	16.0%	14.1%	8.5%	12.5%	**16.7%**
Return on Assets[4]	7.8%	6.6%	3.9%	6.2%	**9.7%**
Net Debt[5]/Total Equity (Times)	0.53	0.55	0.66	0.50	**0.33**
Debt/Total Equity (Times)	0.56	0.58	0.71	0.57	**0.35**
Net Debt[5]/Total Assets (Times)	0.30	0.30	0.36	0.29	**0.22**

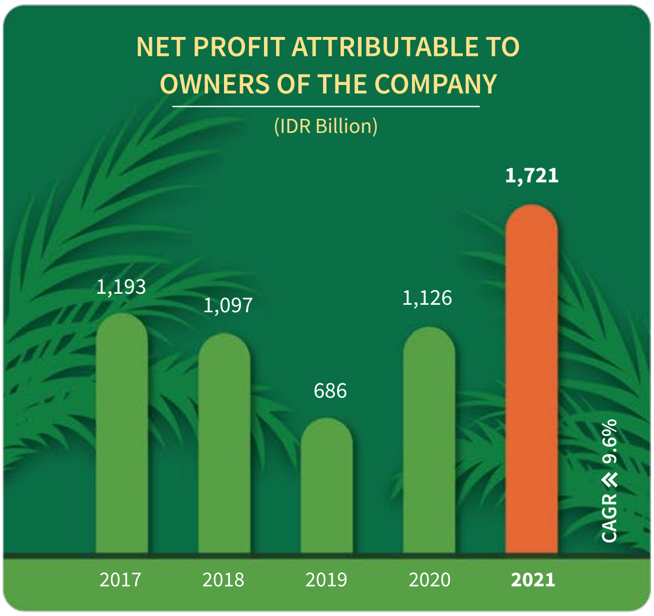
Remarks:

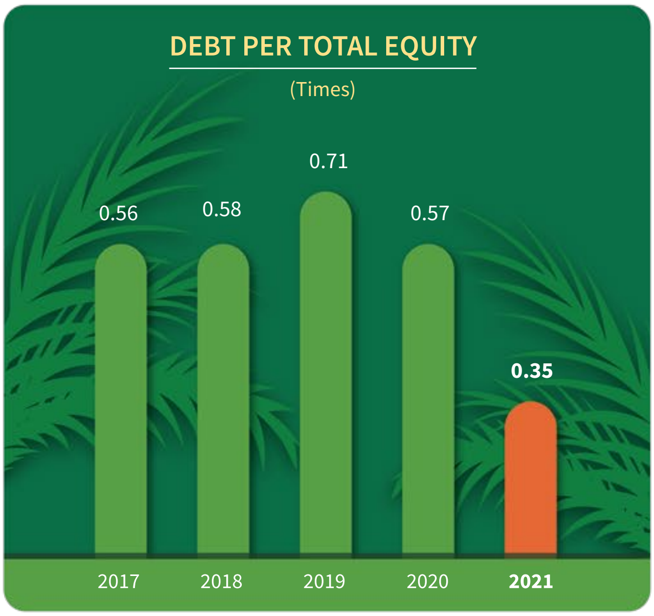
1 Reclassified
2 The earnings per share has been computed based on the Company's total number of issued shares excluding treasury shares as at each balance sheet date
3 Return on Equity = Net Profit Attributable to Owners of the Company / Equity Attributable to Owners of the Company
4 Return on Assets = Net Profit Attributable to Owners of the Company / Total Assets
5 Net Debt = Interest bearing debts less cash and bank balances

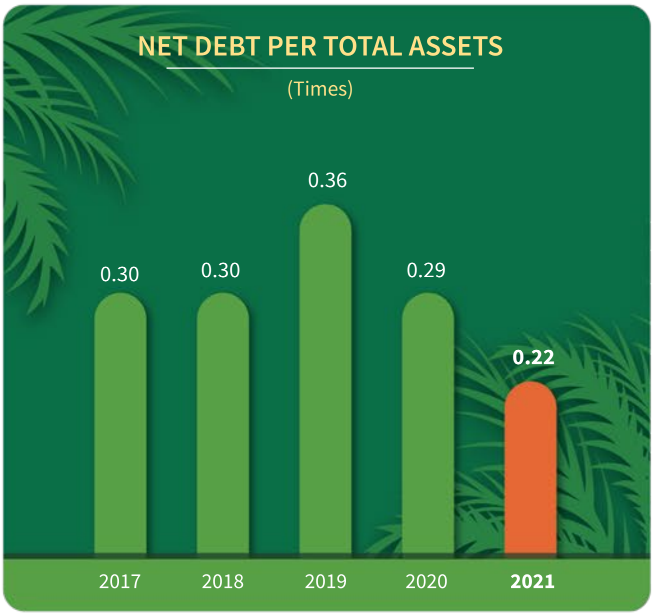

REVENUE
(IDR Billion)
8,131
8,377
7,691
9,102
12,249
CAGR 10.8%
2017
2018
Reclassified
2019
2020
2021


BASIC EARNINGS PER SHARE
(IDR per Share)
682
627
392
645
986
2017
2018
2019
2020
2021


EBITDA
(IDR Billion)
2,427
2,395
1,694
2,575
3,498
CAGR 9.6%
2017
2018
2019
2020
2021


NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(IDR Billion)
1,193
1,097
686
1,126
1,721
CAGR 9.6%
2017
2018
2019
2020
2021


DEBT PER TOTAL EQUITY
(Times)
0.56
0.58
0.71
0.57
0.35
2017
2018
2019
2020
2021


NET DEBT PER TOTAL ASSETS
(Times)
0.30
0.30
0.36
0.29
0.22
2017
2018
2019
2020
2021

Operational & Financial Review

Amidst the pandemic, Bumitama has taken major strides towards continuously enhancing overall productivity of estate operations and improve cost effectiveness

Operational Review

Two years since the pandemic started, Bumitama (or "the Group") remains vigilant in adhering to stringent health protocols in its operations across its estates, mills, and facilities while also carrying out vaccination among its employees, including some surrounding communities adjacent to our operational areas. Such measures ensured Bumitama's operations to run without any major disruption, while at the same time safeguarding its workforce against COVID-19. With these safety procedures actively enforced by the Crisis Management Centre (CMC), continuous improvement and business development initiatives on the estates and mills were carried out effectively throughout 2021.

Bumitama's total Fresh Palm Fruit Bunches ("FFB") production in FY2021 reached 4.64 million Metric Tonnes ("MT"), 2.4% higher than 4.53 million MT in FY2020. The increase was mainly attributable to 4.1% rise in FFB contribution from external parties, which totaled 1.27 million MT.

Total Fresh Palm Fruit Bunches ("FFB") production in FY2021, 2.4% higher than FY2020

FY2021
4.64 million Metric Tonnes

FY2020
4.53 million Metric Tonnes

FFB contribution from internal sources, consisting of nucleus and plasma estates under management, climbed 1.8% to reach 3.37 million MT, despite production anomaly in major palm oil production areas of Indonesia and Malaysia, caused by La Niña weather phenomenon. In two consecutive years, La Niña events resulted in 190 rainy days throughout each of the calendar years, 22% higher than the 10-year average, across the Group's managed estates.

Impact of the negative effects from the unusual weather conditions varied in the three operational regions under the Group's management. Riau estates seemingly had the least effect, recording a 13.6% Year-on-Year ("YoY") increase, the highest growth among the three. West Kalimantan came in second with 10.8%, while Central Kalimantan recorded 2.7% lower output in FY2021.

Across our operations, the FFB production of nucleus areas grew by 2.9% to 2.34 million MT in FY2021, accounting for half of total FFB production. FFB production from plasma estates declined by 0.6% YoY to reach 1.04 million MT. Over the course of the past decade (2011–2021), combined FFB production from both nucleus and plasma estates recorded a Compound Annual Growth Rate ("CAGR") of 12.2%.

Amidst the pandemic, Bumitama has taken major strides towards continuously enhancing overall productivity of estate operations and improve cost effectiveness. For the past two years, the Group has been exploring several mechanisation and digitalisation programmes. In late 2021, mechanisation was trialled in the manuring and harvesting processes in certain estates in Central Kalimantan, with a view to extending it gradually in the coming years. Digitalisation, meanwhile, had begun to be rolled out in the form of GPS tracking for fleet management and online plantation inspection, among others.

FY2021
Oil Extraction Rate ("OER") was maintained at
22.6 %

Crude Palm Oil ("CPO") production rose
2.6 %

To mitigate weather-induced disruptions, the Group has intensified composting and focal feeder application as well as reinforced water management and related infrastructure across its estates. Accordingly, while the Group's FFB Yield declined by 2.1% to reach 18.6 MT per ha in FY2021, Oil Extraction Rate ("OER") was maintained at 22.6% in FY2021, and the Crude Palm Oil ("CPO") production rose 2.6% to 1.05 million MT, from 1.02 million MT a year before.

With the decrease in FFB yield, CPO Yield consequently decreased from 4.3 MT per ha to 4.2 MT per ha in FY2021. However, CPO production demonstrated a ten-year CAGR of 11.8%, on par with internal FFB production's rate.

Palm Kernel ("PK") production in FY2021 reached 223,000 MT, 3.4% higher than in FY2020, with PK extraction rate stable at 4.8% over the course of 2020 and 2021.

The Group's total planted area remained unchanged in FY2021 at 187,917 hectares ("ha"),

Operational & Financial Review

with nucleus plantations accounting for 70.6% of total managed planted area. Based on location, 98.8% of the total planted area is spread in Kalimantan, with the remainder in Riau Province.

By the end of FY2021, mature plantations coverage increased 4.5% YoY to 181,211 ha. The Group's plantations have a favourable average age of 11.6 years. The replanting efforts across the Group's estates using superior seedlings will ensure a resilient production growth and provide advantageous age profile to deliver optimum yield and revenue growth in the foreseeable future.

Financial Review

Income Analysis

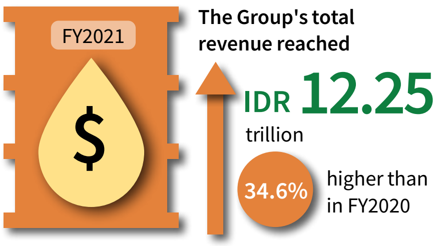
The Group's financial results in FY2021 achieved historic levels by the robust performance of palm oil prices on the global market.

As demand for edible oils soared, growth in supply within the palm oil industry was impeded by a host of factors, from prior years' of low fertiliser application effects to inclement weather condition and labour issues. In contrast to the industry, the Group's persistent commitment to applying industry best practices helped to attenuate weather-related adverse effects of excessive rain and reduced hours of sunlight on the Group's output growth.

In line with palm oil price's rise, the Group's CPO selling price reached IDR 9,852 per kilogramme ("kg") in FY2021, 18.2% higher than in the previous year. Meanwhile, PK selling price jumped more pronouncedly, by 61.8%, from IDR 4,366 per kg to IDR 7,063 per kg over the same period.

Supported by productivity resilience and some inventory drawdown, the Group's CPO sales volume in FY2021 reached 1.08 million MT, a 10.0% increase from FY2020's 982,578 MT. During this period, PK sales also rose 8.2%, from 209,084 MT to 226,314 MT.

The dual boost in FY2021, in terms of selling price and sales volume, resulted in a strong revenue performance from both CPO and PK sales, which went up by 30.1% and 75.1%, respectively, from FY2020's figures. Revenue from CPO sales, at IDR 10.65 trillion, made up 86.9% of the Group's total FY2021 revenue of IDR 12.25 trillion. The remaining 13.1% was derived from PK sales.



With an increase of 34.6% in FY2021, thus passing a historic IDR 10-trillion mark for the first time, the Group's total revenue has recorded a CAGR of 10.8% over the course of 2017 to 2021.

Cost of sales in FY2021 increased by 33.7%, from IDR 6.58 trillion to IDR 8.79 trillion. This was mainly due to the rise in FFB purchase price from our plasma and external parties amid the rising palm oil price, plantation maintenance, harvesting, plantation overhead, milling and depreciation and amortisation.

Gross profit in FY2021 reached IDR 3.46 trillion, 36.8% higher than in FY2020, on the back of a sharper increase in revenue. A disciplined approach in overall cost management brought the Group's gross profit margin to increase from 27.8% in FY2020 to 28.2% in FY2021.

An annual valuation of biological assets increased their value by IDR 82 billion in FY2021, based on the market value of the agricultural produce as of 31 December 2021, in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") 1 – 41. On the other hand, general and administrative expenses rose 27.8% to IDR 399 billion, while selling expenses increased by 0.6% to IDR 297 billion and finance cost shrank by 14.3% to IDR 153 billion.

This brought profit before tax up by 48.3% in FY2021, to IDR 2.86 trillion, and accordingly, Earnings before Interest, Taxes, Depreciation, and Amortisation ("EBITDA") recorded a 35.8% increase to IDR 3.50 trillion, from IDR 2.58 trillion in FY2020. The Group's EBITDA has grown by a CAGR of 9.6% in the last five financial years of 2017 to 2021. EBITDA margin in FY2021 meanwhile stood at 28.6%, slightly higher than in FY2020. Alongside this, our gearing ratio has improved significantly over the past five years, from 0.56x in 2017 to 0.35x in 2021.

The Group posted a record-breaking profit of IDR 2.09 trillion in FY2021, an increase of

53.4 %

from IDR 1.36 trillion one year before.

With the solid financial results, the Group posted a record-breaking profit of IDR 2.09 trillion in FY2021, an increase of 53.4% from IDR 1.36 trillion one year before. Of this amount, IDR 1.72 trillion or 82.4% was attributable to owners of the Company. This translated to Earnings per Share ("EPS") attributable to owners of the Company of IDR 986 per share, up by 52.9% from its FY2020 level.

Financial Position

An excellent performance in revenue, EBITDA, and net profit in FY2021 brought about a stronger balance sheet for the Group. Total assets went down from IDR 18.23 trillion to IDR 17.69 trillion as at end of FY2021.

Total current assets as at the end of FY2021 made 12.3% of total assets, a reduction of IDR 438 billion from the previous year's figure. Current assets were mainly composed of inventories and biological assets, at IDR 822 billion and IDR 376 billion, covering 55.0% of the total.

The primary components of non-current assets as at end of FY2021 were bearer plants (at IDR 7.77 trillion or 50.1%), property, plant, and equipment (IDR 4.15 trillion), and plasma receivables (IDR 2.28 trillion). The 13.7% improvement in plasma receivables collectability contributed to the lowering of total non-current assets to IDR 15.51 trillion as at end of FY2021, from IDR 15.61 trillion one year earlier.

Liabilities as at the end of FY2021 stood at IDR 5.69 trillion, a 26.1% drop from IDR 7.70 trillion one year prior. With a strong cash position from its CPO and PK sales, the Group made a full repayment of its revolving credit facilities as at 31 December 2021. Similarly, trade and other payables were reduced from IDR 599 billion to IDR 412 billion over the corresponding period. These reductions brought current liabilities as at end of FY2021 down by 29.3% or IDR 504 billion from its value one year prior.

The 46.6% drop in non-current portion of loans and borrowings over the course of FY2021 successfully lowered the total non-current liabilities of the Group by IDR 1.51 trillion or 25.2% from end of FY2020. This was mainly attributable to early repayment of some term loan facilities amounting to USD 52 million.

Accordingly, total equity expanded by 13.9% from IDR 10.53 trillion to IDR 12.00 trillion as at 31 December 2021. Equity attributable to owners of the Company reached IDR 10.30 trillion. With a 34.6% growth in revenue recorded in FY2021, Return on Equity ("ROE") stood at 16.7% for the corresponding period, as compared to 12.5% in FY2020.

Net debt to total equity ratio, reaching the lowest level on record since the Group's listing in 2012

FY2020

0.50x

to

FY2021

0.33x

The Group's more solid financial footing was further reflected by its net debt to total equity ratio, which substantially reduced from 0.50x in FY2020 to 0.33x in FY2021, reaching its lowest level on record since the Group's listing in 2012.

Cash Flows

Owing to elevated CPO and PK selling prices in FY2021, the Group collected cash from customers amounting to IDR 12.16 trillion in this period and spent a total of IDR 9.04 trillion in payments to suppliers, employees, and other operating expenses. Thus, net cash flows generated from operating activities in FY2021 amounted to IDR 2.65 trillion.

The Group collected cash from customers amounting to

IDR 12.16 trillion

and spent a total of

IDR 9.04 trillion

in payments to suppliers, employees, and other operating expenses.

The Group purchased property, plant, and equipment totaling IDR 664 billion, invested in bearer plants amounting to IDR 384 billion, and recovered collection from plasma receivables by IDR 296 billion in FY2021. This resulted in IDR 598 billion of net cash used in investing activities.

With ample cash from the receipts of its CPO and PK sales in FY2021, the Group made a substantial repayment of its loans and borrowings, amounting to IDR 2.41 trillion. Meanwhile, proceeds from loans and borrowings, at IDR 552 billion, were below FY2020's value of IDR 785 billion. Additionally, dividends amounting to IDR 679 billion were distributed to shareholders in FY2021, bringing the net cash used in financing activities to IDR 2.67 trillion.

The above movements in cash and cash equivalents resulted in a net decrease of IDR 619 billion, with cash and cash equivalents as at end of 31 December 2021 standing at IDR 176 billion.

Corporate Milestones

1996

Acquired first concession covering 17,500 hectares in Central Kalimantan

1998

Commenced planting of first oil palm estate

2003

Commissioned first CPO mill in Central Kalimantan with 45 tph processing capacity

2007

Surpassed 50,000 hectares planted area

IOI Group bought 33% stake in the Group

2010

Surpassed 100,000 hectares planted area

2012

Listed on the Mainboard of the Singapore Exchange in April

2014

- Awarded the first two RSPO certificates and one ISPO certificate
- Piloted assessment of peat and forest, pioneering HCSA methodology in concession areas of over 55,000 hectares

2015

Cemented results of 2014 study into NDPE-based Sustainability Policy, reported through the inaugural Sustainability Report

2017

Launched BBCP, a landscape-based conservation project in Ketapang, West Kalimantan that aims to protect about 9,000 hectares of land containing peat-lands, high-carbon stock rich forests and rare, threatened and endemic species of biodiversity, which also serves as a wildlife corridor connecting Sungai Putri peat swamp and Gunung Tarak protected forest, directly linked to Gunung Palung National Park

2018

Helped a group of 35 independent smallholders with 223 hectares of land in Central Kalimantan achieve RSPO certification

2019

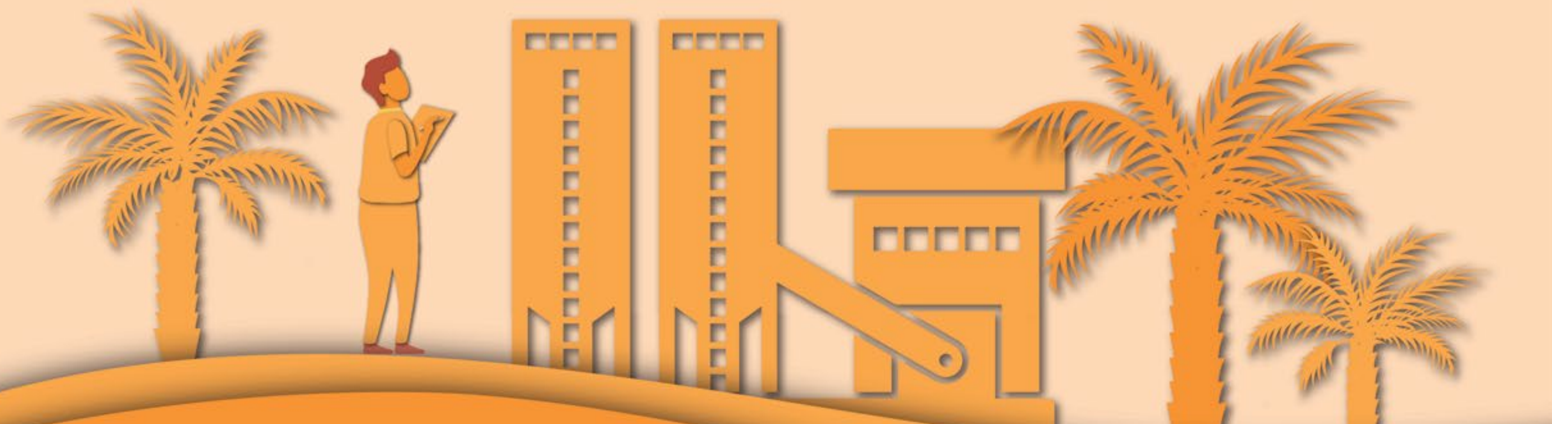
- Achieved Group's first RSPO certificate for plasma smallholders under PT ASM
- Completed over 98% traceability of all FFB to plantation-level

2020

Piloted the FlyForest project, using drones to disseminate seeds in the reforestation of 800 hectares of conservation areas, under BBCP

2021

- Grossed over IDR 10 trillion in revenue for the first time
- Completed the first methane capture facility attached to the largest capacity mill to significantly reduce GHG emissions
- About 500 hectares in Central Kalimantan



Corporate Accolades

2013

Received Forbes Asia's 200 "Best Under A Billion" Award

2016

Received "Asiamoney Award" for all 7 categories in Singapore:

- Best Managed Small Cap Company
- Best Overall for Corporate Governance
- Best for Disclosure and Transparency
- Best for Shareholders' Rights and Equitable Treatment
- Best for Responsibilities of Management and the Board of Directors
- Best for Investor Relations
- Best for Corporate Social Responsibility

Ms. Christina Lim of Bumitama's Key Management received the "Best Executive in Singapore" award

2018

Received "Asiamoney Award" for 3 categories in Singapore:

- Overall Most Outstanding Company in Singapore
- Most Outstanding Company in Singapore (Small Cap)
- Most Outstanding Company in Singapore (Consumer Staple)

2019

Awarded the "Most Profitable Company" (Agriculture Sector) from The Edge Billion Dollar Club, 3 years in a row from 2017 till 2019

Received "Asiamoney Award" for 2 categories in Singapore:

- Most Outstanding Company in Singapore (Small Cap)
- Most Outstanding Company in Singapore for the decade 2010 - 2019

2020

Received Distinguished Member of "Singapore's Fastest Growing companies 2020" from The Straits Times Certificate

FT High-Growth Companies Asia Pacific 2020 from the Financial Times

Received "Asiamoney Award" for:

- Most Outstanding Company in Singapore (Consumer Staples)

2021

Awarded Asiamoney's "Most Outstanding Company in Singapore" (Small/Mid Cap)

Board of Directors

Lim Gunawan Hariyanto
Executive Chairman and Chief Executive Officer

Mr. Lim Gunawan Hariyanto joined the Group in 1997 as Director of PT Karya Makmur Bahagia, a subsidiary. He was first appointed to the Board on 23 March 2012 and re-elected on 22 April 2019. He is responsible for formulating and implementing the Group's business, corporate policies, as well as business development and operations management strategies.

He has a distinguished career in the palm oil industry, with expertise in business operations and development built upon his more than two decades of experience in the field. He started his career in 1984 as Vice President Director of PT Tirta Mahakam Resources Tbk, overseeing the company's operations and business development.

He holds a Bachelor of Business Administration degree from the University of Southern California, USA, having graduated in 1981.

Lim Christina Hariyanto
Executive Director

Ms. Lim Christina Hariyanto joined the Group in 2012 as Head of Investor Relations. She was first appointed to the Board on 1 June 2017 and re-elected on 24 April 2020. She is responsible for strengthening the communication channels between the Company and the financial industry. She advocates greater awareness among the investment and financial communities of Bumitama's endeavours through various capital market outreach programmes, including regular company disclosures, analyst meetings and investor conferences. Her accolades included Asiamoney's "Best in Investor Relations in Singapore" award for Bumitama in 2015 and 2016, and "Best Executive in Singapore" Award she received in 2016.

She started her career as an Investment Analyst at Nomura Securities. She was a member of the Indonesia Stock Exchange Discipline Committee from 2004 to 2009. She concurrently presides in other roles, including as President Commissioner of Harita Kencana Sekuritas, and a member of the Board of Advisors of Bumitama Foundation whose focus is to provide quality education in paving the way for future leaders, and support local entrepreneurs in becoming independent in the local community level. She is also an active member of the Young Presidents' Organization (YPO) Indonesia, at which she was Chapter Chair in 2011-2012.

She graduated from the University of Southern California, USA, with a Bachelor of Business Administration in 1990.

Dato' Lee Yeow Chor
Non-Executive Director

Dato' Lee Yeow Chor was first appointed to the Board on 23 March 2012 and re-elected on 12 April 2021.

He is presently the Group Managing Director and Chief Executive of IOI Corporation Berhad, a prominent Malaysia-based global palm oil player, and a Board Member of IOI Properties Group Berhad since 2013. He was first appointed to the Board of IOI Corporation Berhad as Group Executive Director in 1996. Prior to his career in the private sector, he served in various capacities in the Attorney General's Chambers of Malaysia and the Malaysian Judiciary for about four years, with his final position as a Magistrate.

Dato' Lee was elected Chairman of the Malaysian Palm Oil Association ("MPOA") in June 2020. Prior to that, he was Chairman of the Malaysian Palm Oil Council from 2009 to 2020. He was also a member of the Board of Directors of Bank Negara, the Central Bank of Malaysia, from 2015 to 2018.

He qualified as a barrister from Gray's Inn, London, UK. He holds an LLB (Honours) from King's College London and a Postgraduate Diploma in Finance and Accounting from the London School of Economics.

Lim Hung Siang

Lead Independent Director

Mr. Lim Hung Siang was appointed to the Board on 1 June 2018 and re-elected on 12 April 2021.

His professional career encompasses an extensive experience running several companies in the transport and engineering sectors, including Singapore Automotive Engineering Group and ComfortDelGro Corporation. He has also overseen business development initiatives and mergers/acquisitions in Europe, Australia and China, as well as the setting up and operating of new business units.

After his retirement as Senior Executive Vice President of ComfortDelGro Corporation in 2007, he was appointed as an advisor and consultant for several companies in Singapore, China, and France.

He obtained both his Bachelor of Engineering (Mechanical) (First Class Honours) and Master of Science (Industrial Engineering) degrees from the University of Singapore in 1973 and 1979, respectively. He attended the Senior Executive Programme at Stanford University, USA, in 1989.

Lee Lap Wah George

Independent Director

Mr. Lee Lap Wah George was appointed to the Board on 1 June 2017 and re-elected on 24 April 2020.

He is an Independent Non-Executive Director at Oversea-Chinese Banking Corporation ("OCBC") Malaysia Bhd since his appointment on 1 September 2021. He is also an Independent Director of RE&S Holdings Limited and Wearnes-Starchase Limited. From 2016 to 2017, he was an advisor to the CEO and Management Committee at OCBC Malaysia Bhd. Previously, he served as Executive Vice President and Head of Global Corporate Banking at OCBC from 2012 to 2016 after having served as Executive Vice President and Head of Group Investment Banking of OCBC Limited since 2002.

Throughout his illustrious career spanning more than 40 years, he has held managerial positions in various merchant banking units based in Singapore, including Marine Midland Bank, Country Manager for Security Pacific Asian Bank, Head of Corporate Banking for South East Asia at Credit Suisse Singapore, and Director of Corporate Lending of Credit Suisse First Boston.

He was awarded the Chartered Financial Analyst (CFA) in 1987 and currently sits on the advisory panel of CFA Singapore. He obtained his Bachelor of Business Administration (Honours) from the University of Singapore in 1976.

Board of Directors

Lawrence Lua Gek Pong
Independent Director

Mr. Lawrence Lua Gek Pong was appointed to the Board on 1 January 2020 and re-elected on 24 April 2020.

He is currently the Managing Director and Senior Advisor to DBS Private Bank. He joined DBS Bank in 2011 and served as Managing Director and Head of Private Bank for South East Asia, Member of the DBS Bank Singapore Management Committee and subsequently as Group Head of the Private Bank before assuming the role of Senior Advisor in 2019.

He is an Independent Director of SingHaiyi Group Ltd, Maitri Asset Management Private Ltd, and a Non-Executive Director and Chairman of Miclyn Express Offshore Limited. Currently, he serves on the Advisory Board for Wealth Management at the Singapore Management University and has been the Founding Chairman of a not-for-profit child development organization since 1991, as well as Chairman of the Nee Soon Link Citizens' Consultative Committee. For his dedicated and commendable service rendered to the community, he was awarded the Pingat Bakti Masyarakat (PBM) Public Service Medal by the Government of Singapore in 2021. He is also a Mentor to a social enterprise involved in helping the marginalized women and youth-at-risk.

He has over 36 years of banking experience. He started his banking and finance career with the Monetary Authority of Singapore and went on to serve in the Corporate Banking Groups of various foreign banks. In 1989, he moved into private banking, where he held senior positions, including Global Market Head and Country Head for Citibank Private Bank Singapore and Managing Director (Investments) for Merrill Lynch International Bank Singapore. He also served as Chairman of IBF Private Banking Industry Workgroup and Member of IBF Standards Committee from 2016 to 2020. He was conferred a Fellow of the Institute of Banking and Finance in 2014.

He graduated with a Bachelor of Social Science (Honours in Economics) from the National University of Singapore in 1982.

Witjaksana Darmosarkoro
Independent Director

Mr. Witjaksana Darmosarkoro was appointed to the Board on 1 July 2021. His current role has been with the Secretariat of Council of Palm Oil Producing Countries (CPOPC) in Jakarta, where he is the Director of Sustainability and Smallholders Development.

He began his career in 1984 as a researcher at the Agronomy Division in the Coconut Research Center in North Sumatra, Indonesia. In 1990, he became the Head of the R&D Planning Section at the Soil Science and Agronomy Division of Marihat Research Station. From 2005 to 2014, he was the Director of Indonesian Oil Palm Research Institute (IOPRI), followed by his role as the Director for Replanting and Farmer Support at the Indonesia Estate Crop Fund (BPDPKS) from 2015 to 2016. He is an eminent Agronomy and Technical Advisor, having rendered his expertise to numerous oil palm companies throughout the years.

He obtained a Bachelor's degree in Soil Science and Master of Agronomy from Bogor Agricultural University, Indonesia, in 1983 and 1991, respectively. He holds a PhD from Iowa State University, USA, in Crop Production and Physiology in 1997.

Key Management

Roebianto
Chief Operating Officer

Mr. Roebianto joined the Group in 2003 as General Manager in the Engineering Division of Bumitama Gunajaya Agro ("BGA"), a subsidiary. He currently serves as Chief Operating Officer of the Group, since his appointment on 1 January 2004. He is in charge of leading and coordinating the Group's overall operational activities, including plantation management, engineering and human capital departments.

His career, now encompassing four decades, began as a Field Superintendent in the Planning Engineering Department of Indo Plywood ("Salim Group") in 1982 and was subsequently promoted to various managerial positions within Salim Group until he parted ways in 1999. He then served as Director at Chua Sea Joo Plywood Industry Sdn Bhd, Malaysia, from 1999 to 2003. Prior to joining BGA, he was General Manager in PT Tirta Mahakam Resources Tbk.

He graduated with a Bachelor of Civil Engineering degree from the Christian University of Indonesia in 1982.

Sie Eddy Kurniawan
Chief Financial Officer

Mr. Sie Eddy Kurniawan joined the Group in 2013 as Chief Financial Officer of the Group, since his appointment on 7 January 2013. He is responsible for supervising and coordinating all activities of the Group's finance, accounting, and ICT departments. Additionally, he is also overseeing the Group's strategic and commercial activities.

His estimable career in finance began in 1994, initially as Financial Auditor, and later as Senior Auditor, with Arthur Andersen. He subsequently joined PricewaterhouseCoopers where he rose through the ranks to the position of Vice President in the Financial Advisory Services. In 2005, he served at Sampoerna Strategic Group as Business Development Executive. Prior to joining the Group, from 2007 to 2012, he was the Chief Financial Officer of PT Sampoerna Agro Tbk, a plantation company listed on the Indonesian Stock Exchange.

He obtained his Bachelor of Economics degree from Parahyangan Catholic University, Indonesia, in 1994.

Lim Sian Choo
Chief Sustainability Officer

Ms. Lim Sian Choo joined the Group in 2011 as the Group Head of Corporate Secretarial Services and Corporate Social Responsibility. She currently serves as Chief Sustainability Officer of the Group since her appointment on 27 May 2020.

Since 2013, she has been working collectively with various stakeholders, including the RSPO, on various initiatives. She is an active member of the RSPO standing committee, working groups, and task force, and is also a member of the Complaints Panel.

She initiated her career in 1982 as a Chartered Accountant and was involved in the accounts and finance departments of various businesses. In 1991, she joined the Hong Leong Group of Malaysia, holding various capacities including Operations Manager, and prior to joining the Group, she was the Group Financial Controller up to 2011. In 2009, she also served as a Non-Executive Director and a member of the Audit Committee of Southern Steel Berhad.

She obtained a Bachelor of Commerce and Administration degree from Victoria University, Wellington, New Zealand, in 1981. She is a member of the Malaysian Institute of Accountants.

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY REPORT

Sustainability Milestones

2013

Bumitama intensified its sustainability journey as part of the stakeholder engagement

2014

- Pilot Rapid HCSA & Peat Study conducted on 55,000 hectares in the Group's concessions
- First two RSPO certificates and one ISPO certificate obtained

2015

NDPE Policy enacted, along with the inaugural issuance of the Sustainability Report

2016

Paraquat-type herbicide phased out across all operations in line with industry best practice

2017

BBCP landscape corridor project launched, concurrent with securing *Kawasan Ekosistem Esensial* (KEE) designation for conservation areas in Ketapang, West Kalimantan

2018

Independent smallholders in Central Kalimantan guided to obtain the Group's first smallholder RSPO certificate

2019

- Obtained first RSPO certificate for plasma smallholders of PT ASM
- Achieved 98% traceability with modifications of the system
- Collaborated in PPI Compact partnership for Ketapang with the Regent and other stakeholders

2020

Committed to equipping all mills with composting facility or other waste treatment facility to reduce carbon footprint

2021

- First methane capture project established in the Group's largest mill in Riau, significantly reducing GHG emissions
- Triple Zero Target (TZT) programme successfully initiated, dramatically reducing workplace accidents severity rate and frequency rate

Up to 2024

- Commission a new type of POME treatment facility by 2022, as part of group-wide plan to reduce emissions by 30% by 2030
- Review and update the Sustainability Policy by 2022, to maintain relevance
- Establish breastfeeding facilities group-wide by 2023
- Have all nucleus estates and plasma smallholders certified by 2023
- Review of Sustainability policy and inclusion of governance and diversity into the oversight of Governance & Nominating Committee in 2022
- Targeting reduction of lost time incident and frequency rates by 75% by 2025 through TZT programme

Sustainability & Corporate Social Responsibility

OVERVIEW

During 2021, as the COVID-19 pandemic stubbornly remained a disruptive force worldwide, Bumitama Agri Group ("Bumitama" or the "Group") rose above the pressing challenges and succeeded in progressing its sustainability initiatives. Covering the four pillars of our Sustainability Policy: Environment, Community, Workforce, and Responsible Sourcing, we were able to create positive impact for all those involved.

We have augmented our environmental stewardship and community empowerment strategy through our Bumitama Biodiversity and Community Programme (BBCP) and Social Forestry programmes, and we progressed towards further improving traceability despite the challenges of COVID-19. The initial successes on our climate management programme have ensured we continue to reduce our emissions and play our role in combatting climate change. We have also introduced innovative ways to protect the health, safety, and wellbeing of our employees throughout the pandemic to allow our employees and business thrive.

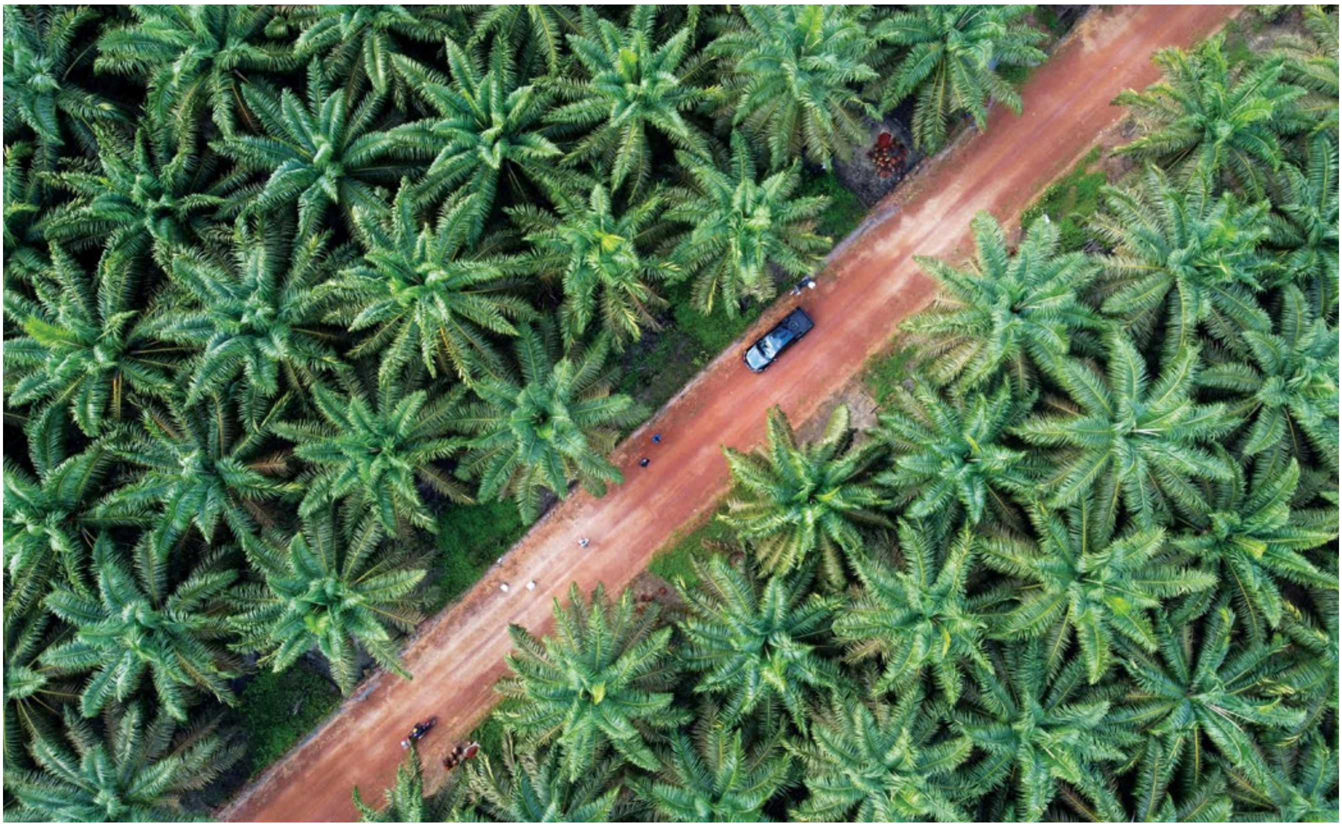
In 2021, we succeeded in significantly reducing the frequency and severity of accidents in our operations, while recording zero fatal accidents

ZERO
fatal accidents
in 2021

Our campaign to strengthen our sustainability performance across these aspects has been incorporated in the Group's overarching Triple Zero Target (TZT) programme. This encompasses stepwise reduction of work-related injuries to result in zero fatalities and the adoption of industry leading plantation management practices to fully eradicate environmental incidents and fires within the Group's concessions by 2025. In 2021, we succeeded in significantly reducing the frequency and severity of accidents in our operations, while recording zero fatal accidents.

While successfully progressing in some aspects of our programmes, those requiring physical engagements such as certification, plasma smallholders programme, engagement with local communities and other stakeholders, have slowed as a result of the ongoing COVID-19 pandemic restrictions. Despite these challenges, our focus to improve other areas of our operations, such as our data collection methods and staff expertise have not faltered. In 2021, we also reframed our ESG performance indicators to be closer aligned with our stakeholders' perceptions and market expectations, whilst integrating with our employee's daily life.

Our Sustainability Policy, launched in 2015 affirmed our commitment to achieving a "No Deforestation, No Peat,



No Exploitation” (NDPE) status. Over the years, this has guided us in shaping our engagements with various parties along our supply chains amidst the evolving demands of the global market. Consequently, for the Policy to remain relevant and capable of addressing priority issues in the foreseeable future, we consistently review and further refine the Sustainability Policy and our reporting to withstand the new and unforeseen challenges we face. We will introduce a comprehensive and forward-looking Sustainability Policy in 2022, which will enable us to deliver scaled-up sustainability initiatives across the board as a foundation for our operations.

As our foundational Sustainability Policy evolves, we have formulated an array of objectives supporting the four key pillars, with targets for specific time frames. These embody our sustainable goals of environmental impacts reduction and amelioration, community development, improvement of safety and equality at the workplace, as well as traceable and responsible sourcing. Bumitama’s sustainability objectives and achievements up to the end of 2021, along with the targets for the years ahead, are detailed in the following section on page 26.

Climate Change Strategy

Our approach to climate change has two pillars: mitigation and resilience. We aim to mitigate our impact on climate change through concentrating on conservation and biodiversity, emissions, waste, and water. Alongside this, we assess the impact of climate change on our operations, people, and environment and develop resiliency plans. We commit to integrate climate change into core strategic planning and decision-making processes and similar to our NDPE Policy, our Climate Change Policy is broad, touching key areas throughout our workplace.

Bumitama takes a comprehensive approach in reducing impacts of its operations on the local and global climate. We set and review short-, medium- and long-term emissions mitigation targets in line with climate change science, and to support the global effort in decreasing the intensity of global direct emissions. We also utilise methods and measures which include prudent and efficient material use, stewardship of water resources, waste management, nutrient recycling, energy usage and sourcing, production emissions reduction and carbon sequestration through conservation and reforestation programmes to minimise our impact on the environment.

2021 Assessment

Bumitama ranked

16th/100

global palm oil companies

Metrics and Reporting Standards

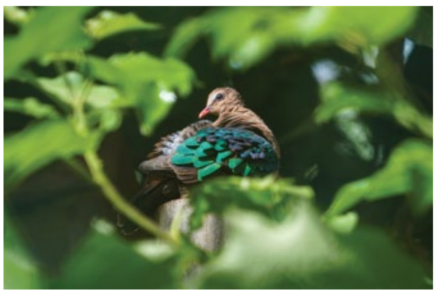
Our continued improvement and progress in implementing the highest production standards has been acknowledged in the 2021 SPOTT assessment, where Bumitama rose to 16th position among 100 palm oil companies globally. We have continued to analyse commonly used metrics and reporting standards with the aim of not just to improve our scores, but more importantly to develop and improve the strategy and processes behind them. We are also proud to be ranked 3rd out of 500 companies in Global Canopy’s Forest 500 table, through the Harita Group.

Global Canopy's Forest 500 ranked

3rd/500

United Nations Sustainable Development Goal’s (UN’s SDGs)

The UN's SDGs are a key set of targets guiding public and private sector in ending some of the most pressing global issues. In Bumitama, we are actively adapting our sustainability strategy to align with the specific metrics and measurables laid out in these developmental goals. It is crucial to integrate the methods and deliverables beneath the goals, such as SDG 5: Gender Equality into a well-developed strategy to ensure sustained progress and maximised positive impact across our operations.



Sustainability & Corporate Social Responsibility

Current Targets and Past Achievements

Area	Target	Year	Progress and Future Plans
Environment			
Conservation and Biodiversity	Develop partnerships with conservation organisations	Ongoing	**On Track** In 2021, we maintained our partnership with PONGO Alliance, exploring new approaches to orangutan habitat management. We are continuing our collaboration with IDH, Earthqualizer and other partners in 2022
	< 0.1% annual deforestation in set-aside areas	2030	**Improvement Needed** Deforestation in 2021 was slightly above this target. We will continue to educate local communities and strictly enforce our policies to achieve this
	10% increase in forest cover	2030	**Improvement Needed** In 2021, we achieved a marginal increase in net vegetation amidst increased community land clearing. We will continue to actively work together with surrounding communities on sustainable environmental stewardship
Emissions	30% reduction in GHG intensity (2016 baseline)	2030	**On Track** In 2021, GHG emissions intensity was 1.38 MT CO_2e/MT CPO, 15% lower than 2016 baseline. The future development of further methane capture facilities, composting, and more efficient machinery will ensure we achieve this target
	Equip all 15 mills with methane reduction facility	2030	**On Track** 1 biogas facility operational in Riau in 2021 (further enhancement needed to convert into electricity for distribution by PLN). 1 solid separation facility will be operational by 2022, 2 biogas facilities and 1 solid separation facility by 2023
Fire Management	Zero fires in concession areas	Ongoing	**On Track** Zero fires in planted areas in 2020 and 2021. We will continue to work with local communities to further reduce fires in wider areas
Water Stewardship	Mill water usage intensity of 1.2 m^3/MT FFB	2022	**On Track** Achieved water usage intensity of 1.21 m^3/MT FFB
Chemical Management	85% of total planted area to be rodenticide-free	2022	**On Track** 83.8% of total planted area free from rodenticide
Community			
Community Engagement	FPIC implementation in new and existing planting	Ongoing	**On Track** Completed Free, Prior, and Informed Consent assessments across several plantations, including PT DAS. Any previous non-compliances are being addressed through our internal grievance procedure
Corporate Social Responsibility	Increased community resilience	2025	**On Track** We aim to achieve 30 “Independent” villages, located within our operational areas, in the IDM Village Development Index by 2030. In 2021, our programmes facilitated 17 villages were classified as independent, a 70% increase from 10 villages in 2020
	Promote Adiwiyata green education	2022	**On Track** In 2021, there was 1 Bumitama's school recognised, 6 at provincial level, and 2 at district level

Area	Target	Year	Progress and Future Plans
Workforce			
Health and Safety	Zero fatalities	Ongoing	**On Track** Zero fatalities in 2021
	75% reduction in accident frequency (2020 baseline)	2025	**On Track** In 2021, the frequency of accidents decreased by 24%
	75% reduction in accident severity (2020 baseline)	2025	**On Track** The severity rate of accidents decreased by 33%
Equality and Diversity	Breastfeeding facilities available company-wide	2023	**On Track** 19 sites at 5 certified management units and in Jakarta head office have breastfeeding facilities
Responsible Sourcing			
Land Assessments	Integrate HCV and HCS assessments	Ongoing	**On Track** In 2021, we conducted 4 HCV-HCSA assessments. In line with the RSPO's 2018 Principles and Criteria
	Review the management of HCV, HCS and peat areas for all units	2021	**Achieved** We conducted assessments of all areas, to help design plans for intervention, collaborating with landowners to protect conservation areas and improve forest cover
Supply Chain	100% of FFB supplied by smallholders traced	Ongoing	**On Track** 99.8%* of all FFB and 99.4% of external FFB are mapped and traceable to plantation in 2021. We will continue tracing new suppliers of external FFB
	Sustainability Policy applies to all contracted external parties	Ongoing	**On Track** In 2021 we began conducting random checks across our suppliers for Policy adherence. 90% of approved suppliers and contractors were checked and found to be complying with our requirements
Certification	Achieve RSPO certification for all mills and estates	2023**	**On Track** Revised RSPO P&C requirements for the HCV ALS review have meant that some of our targets required adjustment because of additional time and increased certification costs
	Achieve RSPO certification for all plasma and external smallholders	2024	**On Track** 2 plasma smallholder groups and 2 independent smallholder groups certified in 2021. We have dedicated smallholder programmes and work diligently to support their advancement
	Every applicable certified mill has smallholders in our efficiency and certification programme	2024	**Improvement Needed** Revised target due to COVID-19. In 2022, we plan to work with 6 independent smallholder groups and certify 2 groups
	Establish RSPO segregated mills	2022	**On Track** Conducted a feasibility study for establishing segregated mills
Complaints	No complaints received relating to existing planting	Ongoing	**Improvement Needed** Received one new RSPO complaint related to plasma partnership. Mediation process with the complainant is in progress

* At Bumitama we consider a 0.2% time lag in our monthly reports on traceability. Due to the changing nature of suppliers, we believe this is the most appropriate measure to transparently report our traceability.

** Or 1 year after obtaining HGU

ENVIRONMENT

Conservation and Biodiversity

Bumitama Biodiversity and Community Project (BBCP)

Through our flagship forest management programme, we continue to play a vital role in preserving the unique West Kalimantan peat-swamp ecosystem located within or adjacent to our subsidiaries' estates. Rich in carbon and brimming with biodiversity, peat-swamp forests are the habitat of Bornean orangutans, along with many other endemic avian and primate species.

The primary purpose of our BBCP is to establish a migration corridor for local wildlife species. We predominantly focus on orangutans from two large groups, together making up the third largest orangutan population in the province. Besides progressing in the conservation and rehabilitation work, our team has succeeded in building an educational jungle trek route, an indigenous tree nursery, and a fruit and vegetable farm managed together with certain local groups of farmers. We support and educate the local community in innovative sustainable and integrated farming methods that specifically use cycles to manage allocated plots of land. We aim to inspire other local communities to follow these sustainable and productive agriculture methods. The BBCP team has also been exploring paludiculture (crop cultivation on peatlands) together with local farmers' collectives, who succeeded in extracting a tonne of various valuable crops from each hectare of land harvested in 2021.

BBCP Partners

PONGO Alliance, IDH – the Sustainable Trade Initiative, Earthqualizer, BKSDA, Yayasan International Animal Rescue Indonesia (YIARI)

The principle of collaboration to achieve forest conservation objectives applies in our BBCP programme. In 2021, we have strengthened the existing partnership with PONGO Alliance to develop an alternative approach in management of fragmented

landscapes with orangutan habitat, while continuing engagement with our partners from IDH – the Sustainable Trade Initiative, alongside Earthqualizer, BKSDA and Yayasan International Animal Rescue Indonesia (YIARI).

Given the high biodiversity value of these protected areas, the main crucial measure is to prevent and address illegal activities that regrettably still take place occasionally. The programmes' dedicated forest rangers recorded 96 days of patrols in 2021, resulting in numerous sightings of protected and indigenous species, in addition to several instances of recent illegal logging. The forest rangers also conducted joint patrols with peers from neighbouring companies and BKSDA forest rangers and disseminated conservation-related information to local communities.

To assist in forest rehabilitation, Bumitama maintains a nursery housing a plethora of native and endemic species as well as forest crops, whose seeds have been either developed in-house or acquired from the local community. The latter method has proven effective in providing financial incentives for locals to switch from illegal logging and hunting activities to cultivating seeds. A total of 34,725 seedlings were grown in 2021, of which 8,945 have been subsequently distributed and planted in the forest.

Our rangers continued monitoring the progress of our FlyForest programme, which utilised drone seeding as part of our innovative rehabilitation strategy. Seeds of local species of *Calophyllum inophyllum* (a type of mangrove locally known as *Nyamplung*), *Alstonia Scholaris* (Blackboard Tree or *Pulai*), *Athocephalus Macrophyllus* (Red Jabon), and *Albizia Chinensis* (Chinese Albizia or *Sengon*), with a total weight of over a tonne had been dispersed across an area of 800 hectares ("ha") to reforest areas impacted by the 2019 fires. Since then, the growth of these seedlings has been measured regularly. By the end of 2021, we found that *Nyamplung* and *Sengon* were the two types with the most significant growth. It is estimated that the conservation and forest rehabilitation activities in BBCP can create 4,320,959 ton CO_2e emissions reduction over the next 10 years.

Land Use and Governance

As a part of our compliance with the relevant procedures, all companies under Bumitama are required to conduct an array of environmental and social assessments, including HCV, HCS, Social Impact Assessment, and Environmental Impact Assessment prior to any new planting.

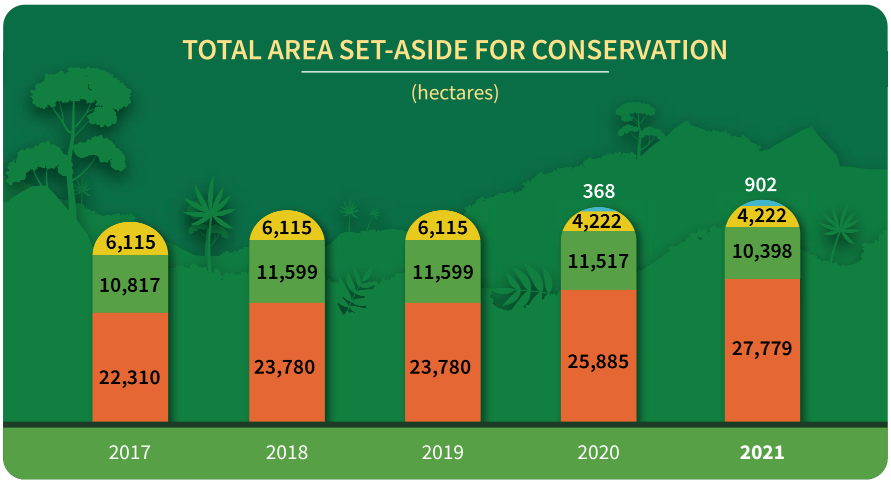
This practice is an essential part of our NDPE policy and is aligned with the RSPO Principles & Criteria (P&C) and Indonesian national regulations. Four of our companies had undergone joint HCV–HCS assessments during 2021, the results of which were reviewed by the HCV RN against the requirements of the RSPO P&C. This brought the total number of approved assessments to 15 and overall, we have set-aside a total of 40,619 ha of conservation area.

Emissions Management

The Group's two largest sources of Greenhouse Gas ("GHG") emissions have customarily been historical land clearing activities and Palm Oil Mill Effluent (POME), at around 39% and 31% of total emissions, respectively. Considering this, we had accelerated our climate mitigation endeavours by commissioning the first biogas methane capture facility. Installed at our largest CPO mill in Riau, this facility alone will cut down the Group's total methane emissions from POME by an estimated 10%.

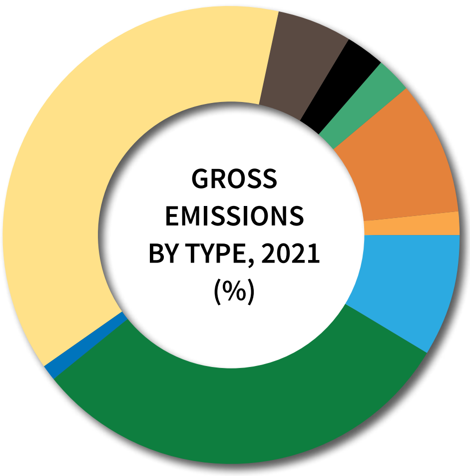
12% **reduction** in GHG Emissions in 2021

Similar programmes are underway across our operations, holistically looking at emissions from fertiliser application, diesel usage, peat oxidation and waste management, among others, to recycle 100% of our production waste. Through our composting sites, now installed at 14 of our mills, which process roughly 10% of our total POME, we are able to return valuable nutrients back to the soil and steadily decrease our total GHG emissions. From the assessment of our 15 mills, we estimated emissions rate of 1.38 tonnes of carbon dioxide (CO_2) per tonne of CPO produced in 2021. This reflected a reduction of 12% from previous year's rate, placing us on track to achieve a 30% reduction in GHG intensity from our 2016 baseline, by 2030.

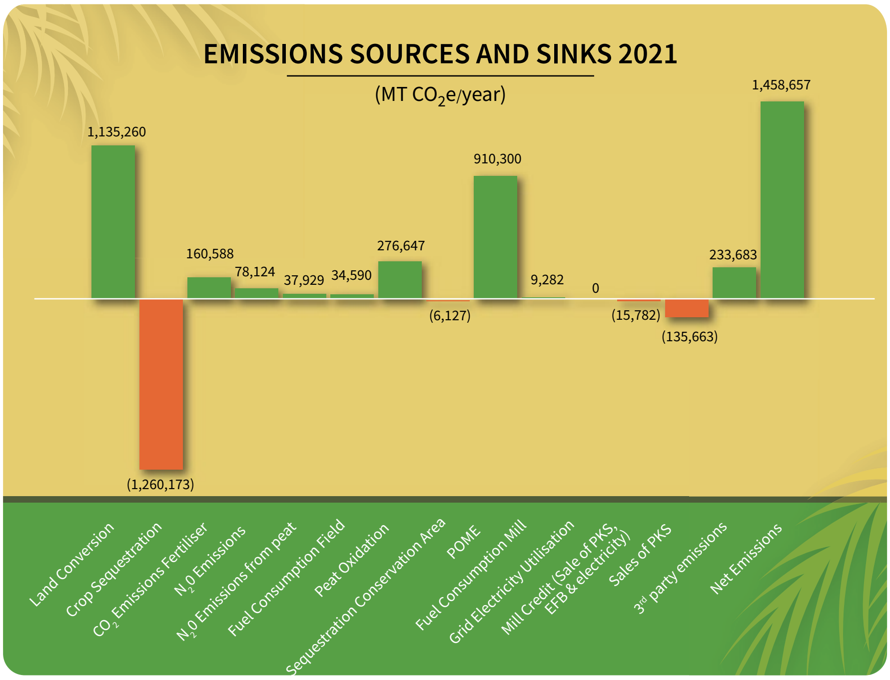


HCV HCS Peat* Other

* 2,682 hectares of peat are overlapping with HCS.



- Land Conversion: **38.9%**
- POME: **31.2%**
- Peat Oxidation: **9.5%**
- 3rd party Emissions: **9.0%**
- CO_2 Emissions From Fertiliser: **5.5%**
- N_20 Emissions: **2.7%**
- N_2O Emissions from peat: **1.7%**
- Fuel Consumption Mill: **1.2%**
- Fuel Consumption Field: **0.3%**
- Grid Utilisation: **0.0%**



Sustainability & Corporate Social Responsibility

Fire Management

We cannot overstate the importance of preventing fire incidents with the risks they pose to the local and global climate, human health, biodiversity, and the high amount of the carbon stored in Indonesia's peatlands and natural forests. Bumitama proactively works with local stakeholders to raise awareness and preparedness of all concerned parties to preempt and mitigate forest fires. As one of the means of carbon footprint reduction, eradicating fires has also been incorporated into our TZT programme, with the goal of recording zero fires in all concessions by 2025.

Bumitama maintains a fire management team whose personnel had been intensely trained by the Indonesian forest and land fire-fighting brigade, Manggala Agni. Throughout the dry season, our teams patrol fire-prone areas in coordination with representatives from local villages, neighbouring concessions, BKSDA, Forest Police, Local Police, and the Indonesian Army.

Despite our best effort, our areas continue to be impacted by the use of fire in community land clearing that has been legalised in some parts of Indonesia. This had regrettably resulted in fire damage on 97 hectares of land in our permit areas in 2021. Fortunately, the preparedness of our teams ensured these fires were relatively small, with an average of under 1 hectare per fire, as they were swiftly put out.

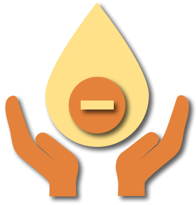
In response to the origin of the fires, we have continued engaging local communities through incentive programmes—*Desa Bebas Api* and *Masyarakat Peduli Api*—for establishing and maintaining fire-free villages, focusing on addressing community areas with a history of fire incidents. In 2021, the Group provided incentives for implementing fire-free procedures to 35 villages across all estates.

To reach our target of zero fires by 2025, we plan to engage smallholders more actively as we intensify community outreach to minimise fire risks on our way to ensure zero fires in planted areas and conservation areas. We will also improve the monitoring and reporting of fire incidents by advancing our technology adoption to enhance the Group's fire prevention system and shorten our response time.

Year	Planted Burnt (ha)	Unplanted Burnt (ha)	Total Fires (no.)
2017	79	22	13
2018	315	35	35
2019	779	970	314
2020	0	48	76
2021	0	97	97

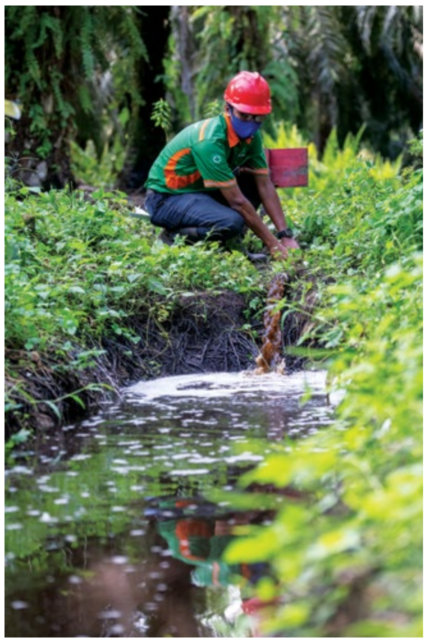
Water Stewardship

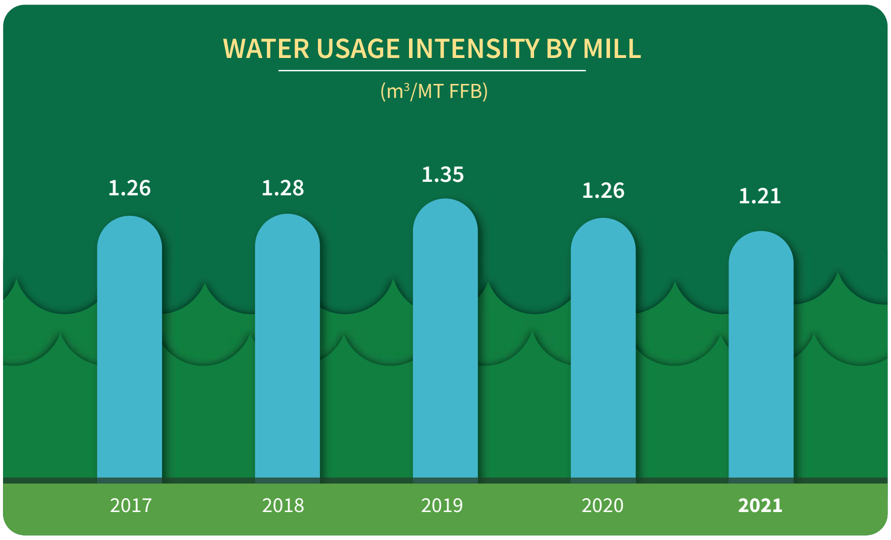
We acknowledge that safeguarding the quality and quantity of water in our areas is key in providing healthy environmental services to our employees, the local community and in our biodiversity conservation efforts. As part of our water stewardship programme, we have reinforced our integrated water management by setting up ponds, drains, and water tanks, to improve water availability throughout the seasons, while regularly monitoring the contents of the water in rivers running through our plantations for traces of any harmful chemicals.



Reduced water usage intensity
for two consecutive years down to
1.21 m³/MT FFB

By optimising our mill processes, we have been able to reduce our dependence on local water resources and decrease water usage intensity for two consecutive years, down to 1.21 m³/MT of FFB processed in 2021. While normally 100% of our production wastewater, which complies with the required quality standards, would be applied in field for nutrient recycling, our engineering team is looking into the possibility of developing a closed loop cycle facility, able to recycle all of our mill's liquid waste back into production in the form of clean water.



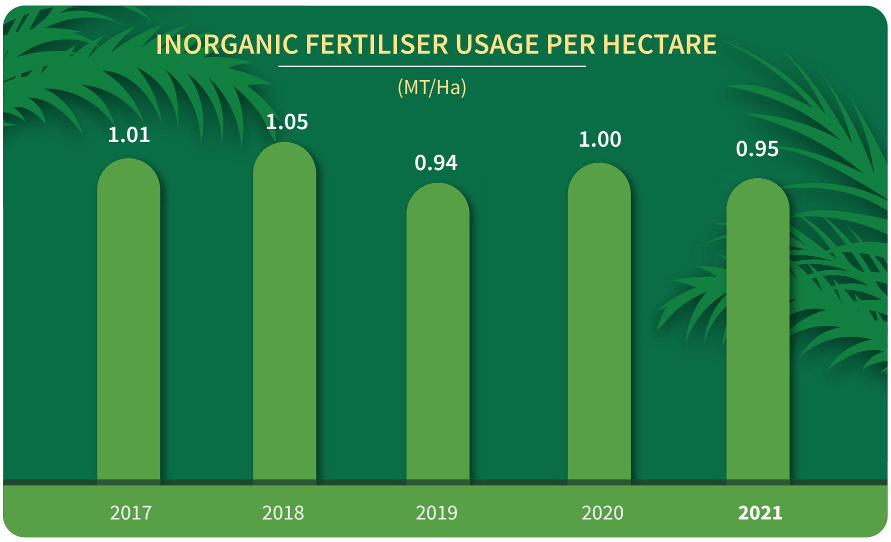


Chemical Management

We have been committed to not using paraquat in all our operations since 2016. There has, unfortunately been a trade-off in substituting it with its less hazardous alternatives. This is reflected in the level of toxicity per planted hectare, commonly referred to as LD50/ha, which has increased significantly due to our weed management needs, amplified by the wet weather conditions during the last two years. The Group's Research and Development team is in the process of developing a strategy to tackle this issue and decrease the toxicity numbers back to pre-2016 levels, by sourcing more efficient agrochemicals and other less-toxic substances to be used across our estates. To further decrease the overall toxicity, we have been utilising natural predators of rodents as part of our pest management, so that our methods are both sustainable and produce minimal effects on soil and water quality.

Inorganic Fertiliser Usage (MT/ha)

The overall application of inorganic fertilisers per hectare has slightly decreased in 2021, both due to the unusually wet weather conditions and our new initiative to reduce its use. Through our Healthy Soil programme, we aim to replace up to 10% of the current usage of inorganic fertilisers and compounds, by substituting them with organic fertiliser from production such as compost, solid particles and fibers from POME. In 2021, over 746,000 tonnes of compost were produced at 14 of our mills, with more than 3.5 million m^3 of POME recycled in land application.



COMMUNITY

Social Engagement and Empowerment

Close collaboration with local communities is essential to achieve our sustainability strategy, as the indigenous communities, through their interactions with the forest, play an integral role in determining our success in landscape conservation efforts. Our initiatives aim to support the living standards of local communities through various means laid out by the UN SDGs to support, protect, and develop independent, economically stable, and culturally rich villages. Core parts of our Sustainability Policy, such as FPIC and this allows us to secure community support and active participation for the programmes we have developed for the benefit of them and the surrounding environment.

Community Resilience Programme

Our progress with the various social, economic and ecological activities of the local communities has been reflected by the progress they have made in the independent Village Development Index (*Indeks Desa Membangun*). The 2021 average score for the 112 villages that surround our operations was 3.60 (out of 5), a 22.5% increase from 2020 and 108.9% higher than in 2016.

Sustainability & Corporate Social Responsibility

Zero villages in 2021 were categorised as "undeveloped" (as opposed to 9 in 2020). The most pronounced improvement was seen in Central Kalimantan, with a year-on-year increase in score by 40%. As of 2021, 17 villages are now in the "independent" category.

Zero villages in 2021 were categorised as "undeveloped" (as opposed to 9 in 2020)

17 villages are now in the **"independent"** category

Beyond enhancing villagers' livelihoods and ensuring the continuity of the local ecosystem services, our local landscape programmes also contribute to the Production, Protection, Inclusion (PPI) Compact instigated by the Regency of Ketapang in partnership with IDH and other stakeholders. The scheme allows Bumitama to help protect vast tracts of HCV/ HCS forest from further risks of deforestation and fire outbreaks, while achieving improved production and certification targets, especially among groups of independent smallholders from local communities.

Social Forestry Programme

Through our large-scale and long-term Social Forestry scheme, Bumitama has engaged indigenous communities through a series of programmes to improve their livelihoods in ways that are in harmony with the surrounding ecosystem and the sustainable opportunities it provides.

In previous years, our Social Forestry programme initiatives included the development of sustainable strategies that allow for the cultivation and extraction of Non-Timber Forest Products (NTFP),

By using participative Village-Level Land-use Planning we had facilitated the establishment of three Villages Forest Management Units ("LPHD"), which will empower local communities to benefit from the 10,735 ha of forest, co-managed with Bumitama under the scheme

developing freshwater fisheries and ponds, and drinking water provision. To stabilise the ecosystem in these areas, Bumitama conducted manual rehabilitation events in partnership with the local LPHDs. Planted on plots of 100 ha in 2021 were thousands of seedlings of endemic forest plants and commodity crops that are popular locally (such as Durian, Candlenut, Matoa) as well as internationally (Cocoa and Coffee).

We have received positive feedback from the communities, in particular where we have introduced suitable and sustainable cocoa cultivation. The cocoa agroforestry programme has provided communities with in-depth industry training from experts from the Indonesian Coffee and Cocoa Research Institute and the distribution of 14,375 cocoa seedlings. In the coming year, Bumitama will engage these incipient cocoa farmers through mentoring and provide them with the necessary tools to enable them to achieve economic self-reliance while observing best practices in environmental management. This model will apply for other crops planted in the social forestry areas, transforming the erstwhile barren lands into exuberant and income-generating agrotourism spots.

IDM RANKING OF BUMITAMA INNER RING VILLAGES

IDM village ranking	Score	2021	2020	2016
Sangat Tertinggal – Undeveloped	1	0	9	44
Tertinggal – Lagging	2	5	24	56
Berkembang – Developing	3	52	54	11
Maju – Advanced	4	38	15	1
Mandiri – Independent	5	17	10	0
Total		**112**	**112**	**112**
Average score		**3.60**	**2.94**	**1.72**

Smallholders

Bumitama continues to reinforce its commitment to integrate responsible sourcing in its sustainable palm oil practices. A crucial element of our sustainable development strategy are our plasma smallholders. Supporting local communities, beyond the legislatory requirement, has been part of our business strategy as they account for 29.4% of our planted land across our estates, covering an area of 55,189 hectares. Although occasionally issues arise, Bumitama always strives to maintain a mutually beneficial partnership in cooperating with our plasma smallholders.

Local Business Development and Mentoring

The Group strives to elevate livelihoods by creating new ways for local communities to engage in sustainable businesses. Numerous new initiatives were launched in 2021, both in the form of Income Generating Activity Sawit (IGA SAWIT) as well as programmes beyond palm oil-related activities (IGA non-SAWIT).

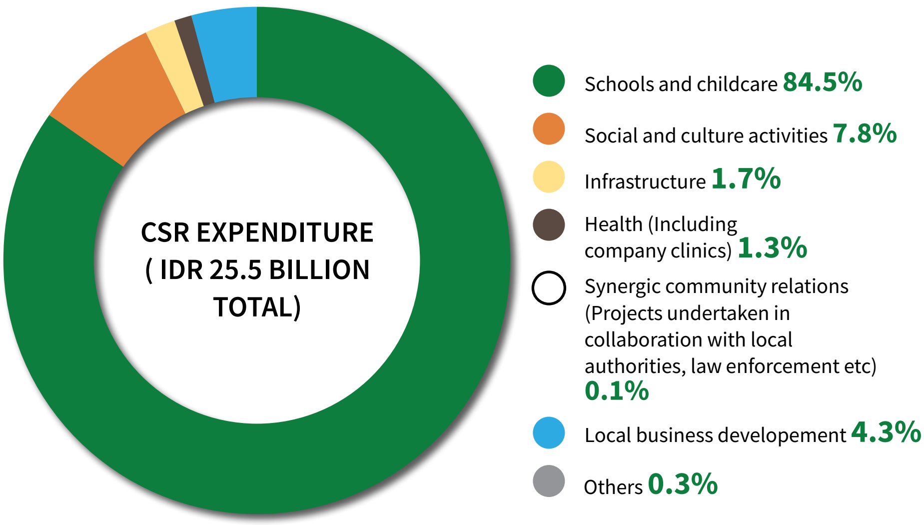
The former of the two aims to improve the quality of smallholder plantations around the Group's areas with reference to good oil palm plantation management standards to improve the income of the farmers and their families' welfare. In its first phase, our IGA SAWIT programmes facilitated oil palm seedlings and production facilities to farmers living within a 30-km radius ("Ring 1") and within a 60-km radius ("Ring 2") of our plantation areas. Alongside this, supervision and technical guidance for the cultivation of the crop will also be provided to the beneficiaries. This will be followed by the second phase, in which we will collaborate with the farmers for the crop's harvesting and transporting. 10 collectives and 839 individual farmers were registered for the programme in 2021 and following this promising start in 2022, we plan to expand this programme with a pilot project of agricultural practices in West and Central Kalimantan.

Bumitama promotes and supports the provision of sustainable and quality food sources for our communities. In the light of the enormous potential of rice farming in ensuring Indonesia's food sovereignty at the local level, the Group has been regularly providing financial and technical support to specific villages in rice cultivation. In collaboration with the Integrated Agricultural Research Centre of the Agricultural Institute of Yogyakarta, the Group initiated the rice demonstration plot programme using a crop combining (*tumpang sari*) method on plasma plantations, first in Lalang Panjang and subsequently in Pengatapan Raya villages in Ketapang, West Kalimantan. By the end of 2021, the rice fields had covered 15 ha, and the farmers' collectives in these villages had been able to harvest up to 12 tonnes of rice annually. Another example from many is our programme in Sei Kandis village in Riau. We have supported a group of local farmers to develop a chili farm and in 2021, they succeeded in growing chilies for the local market, with nearly 3 tonnes in their first harvest.

Corporate Social Responsibility (CSR)

Working in tandem with our Community Resilience Programme to alleviate social issues and elevate livelihoods in the community surrounding our estates, Bumitama has been deeply engaged in numerous initiatives of community empowerment through its CSR programmes.

In 2021, we spent a total of IDR 25.5 billion across a range of activities, including providing quality education, supporting social and cultural development, creating alternative livelihood options, providing healthcare, and improving local infrastructure.



Sustainability & Corporate Social Responsibility

Education

Our focus on education is based on our belief that providing equitable access to quality education is an effective strategy to meaningfully enhance people's living conditions and build their community's resilience and independence over the long term. Our initiatives have included creating the opportunities and infrastructure for children in the community to receive proper and quality schooling. Delivering education through our own educational facilities as well as through support to state-owned facilities, is one of our main contributions to the SDG 4: Quality Education.

Bumitama Foundation, established in 2016, has been providing a comprehensive educational programme spanning early childhood to vocational high school. Up to the end of 2021, Bumitama Foundation operates 39 schools, attended by a total of 5,201 students. To address the challenges that arose due to the prolonged pandemic, we have equipped our 305 teachers with the necessary skills and aided the schools' adaptation to online schooling. These schools actively promote the Adiwiyata green education concept and one was recognised at the national level, 6 at the provincial and 2 at the district level at the end of 2021.

Bumitama Schools

Total	2017	2018	2019	2020	2021
Schools	36	37	38	38	39
Students	4,746	4,984	5,167	5,281	5,201
Teachers	275	298	315	300	305

Our only vocational high school (senior-high level), SMK Gunajaya in Central Kalimantan, successfully graduated 391 students from 2013 to 2021 from our employees as well as from local communities. Of these, 62 graduates went on to continue their studies in university, while 262 were employed either by the company or our peers, while the remaining 67 started their own businesses or became employed in family businesses.

391 students

62 graduates continued their studies in university

262 joined our and our peers' employee pools

67 started own businesses or employed in family businesses

Vocational School Graduates

School Year	Course of Study			Employee Affiliation		Post-Graduation Status		
	Accountancy	Agronomy	Sum of Both Courses	Children of Employees	Children of Non-Employees	University	Employees	Others*
2013/2014	21	21	42	10	32	4	37	1
2014/2015	25	17	42	9	33	8	25	9
2015/2016	23	23	46	13	33	6	33	7
2016/2017	32	27	59	32	27	6	37	16
2017/2018	33	26	59	27	32	12	34	13
2018/2019	20	25	45	13	32	6	18	21
2019/2020	29	22	51	36	15	19	32	0
2020/2021	19	28	47	15	32	1	46	0
Total	**202**	**189**	**391**	**155**	**236**	**62**	**262**	**67**

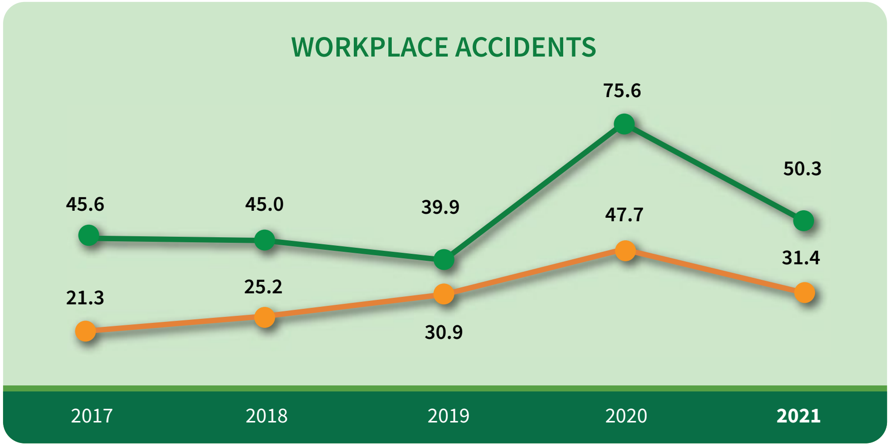
* Includes family farms, freelance entrepreneurs and self-employed

Health and Safety

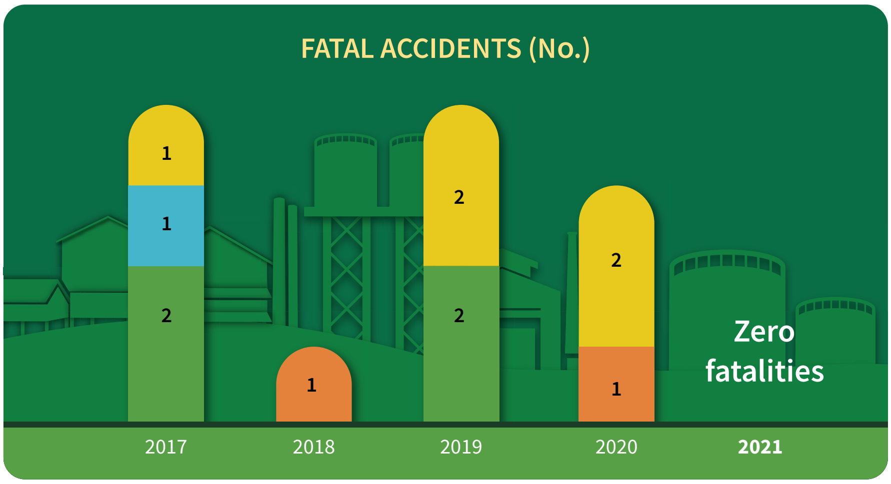
Our workforce is an indispensable element of our success and is integral in achieving our sustainability targets. Throughout the COVID-19 pandemic, we have put in place strict health protocols to protect our employees and those that we manage along our supply chain from the risk of contracting the virus.

Although we distribute health kits and fresh and nutritious food to our workforce and surrounding communities, we also actively engage our employees and their family members to participate in the Indonesian government's COVID-19 vaccination programme. With our employee vaccination rate at almost 100% by the end of 2021, we have been able to efficiently operate throughout the year with minimal disruptions across all sites.

Bumitama strives to safeguard its employees' wellbeing with strong health and safety measures and facilities. By thoroughly analysing past incidents, we have been able to identify the most salient issues and formulate intervention programmes to tackle them at their root. For safety risks related to harvesting and traffic, two key accident-prone areas, we designed training and tools to equip our workers and raise their awareness. We continue to review and update hazard-related standard operating procedures, increase visibility of hazardous areas, and integrate health and safety aspects within business process owners, while persistently educating and training all those involved in the relevant aspects through our safety campaigns.



Severity rate (total days lost x 1,000,000 / total working hours)
Lost time incident rate (recordable injuries x 1,000,000 / total working hours)



Others · Mill machinery · Fall · Traffic accident

Our diligent work within our TZT programme and wider projects and policies has enabled us to achieve reductions in the frequency, severity, and fatality rates within our operations. In 2021, we recorded a lost time incident rate drop by 34% from 47.7 in 2020 to 31.4 in 2021 and the severity rate fell by 33% to 50.3. No fatalities were recorded in 2021.

By enacting our intervention programmes with rigour and consistency, we are embedding a culture of safety throughout all our operations. With it, we expect to see a gradual reduction in the frequency and severity rates by 56% from our 2020 baseline by 2025, including a 10% reduction from our 2021 target to be achieved in 2022.

Non-Discrimination and Diversity

We uphold and promote the principles of diversity and gender equality in the workplace. Bumitama provides opportunities for women to work in the field as we strive to generate more interest among women to engage in this line of work. We have established a Gender Committee that ensures that women and men are always treated equally, while overseeing the introduction of breastfeeding facilities and regular gender pay gap checks across our operations.

We actively encourage female graduates from agronomy and engineering disciplines to join Bumitama. We have taken the measures to ensure we support a balanced lifestyle and provide a family-friendly work environment, including the development of day care facilities, couple-specific harvesting training, and the establishment of 19 breastfeeding facilities throughout the Group's estates and facilities. Since 2017, there has been 1 female member of the Board of Directors as well as 10 female members in the Senior Management.

Sustainability & Corporate Social Responsbility

RESPONSIBLE SOURCING

Certification

Gaining and maintaining certification remains a top priority for us, including our plasma and external smallholders. As at the end of 2021, one new RSPO certificate is pending issuance, while a local smallholder group Kelompok Tani Karya Bersama from Kotawaringin Timur, Central Kalimantan, successfully completed its RSPO audit in July 2021. The smallholder collective, now comprising 70 independent smallholders with a total area covering 277.90 ha, has been under Bumitama's guidance since 2018, aligning its agricultural practices with those of The Group and adhering to our NDPE policy. Following its success in the RSPO audit, the collective is now aiming to obtain ISPO certification with the continued assistance from Bumitama.

As of December 2021, Bumitama has obtained 4 ISPO certifications, in line with our target for the year. We plan to have all our mills and estates ISPO and RSPO-certified by 2023.

For 2022, we seek to expand the certified area of Kelompok Tani Karya Bersama by an additional 100 ha. We will also provide guidance and assistance to Bangkit Usaha Maju, a co-operative from Rokan Hulu, Riau, to obtain RSPO certification for its 907.85 ha area cultivated by 378 smallholders. Meanwhile, agronomic practices training and introduction to certification are now being provided to other smallholder groups, inclusive of Kalimas Mandiri, a co-operative in Ketapang seeking RSPO and ISPO certification by 2023.

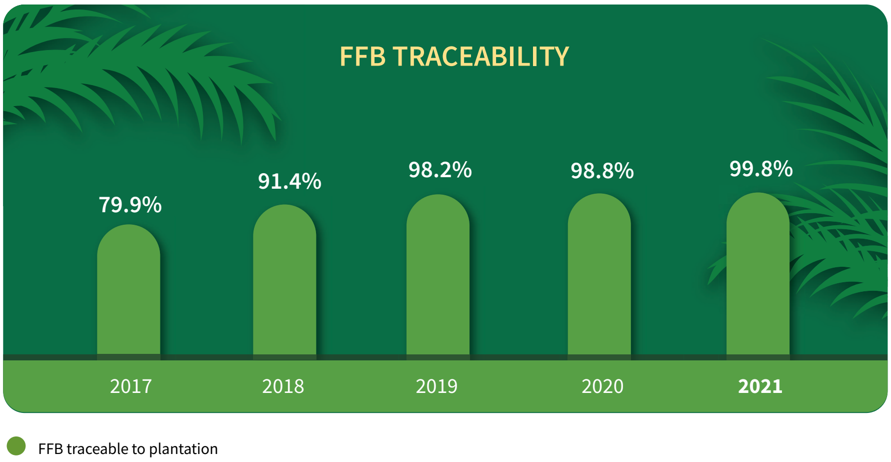
Description	2017	2018	2019	2020	2021
RSPO Certificates	5	4	7	8	8
RSPO-Certified area (ha)	41,594	41,970	50,714	56,433	56,433
CSPO & CSPK volume (MT)	158,106	167,284	223,986	236,962	236,962

FFB Traceability

Despite hindrances from pandemic-related movement restrictions in the past two years, our traceability and responsible sourcing programmes delivered encouraging results. By the end of 2021, 99.8% of all FFB processed by our mills was traceable to plantation level.

99.8%

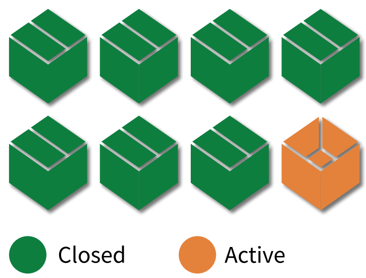
of all FFB processed by our mills was traceable to plantation level



Complaints Management

In the process of resolving any reported grievances, we engage the stakeholders through our structured complaint management system. The system encompasses various communication channels, including the RSPO complaint process, our whistleblowing mechanism, the employee Quick Response Services, social media, NGO reports, and the regular media, to help us receive, process, and address grievances from internal and external parties.

Number of RSPO Cases in 2021



Bumitama always strives to regularly communicate with the relevant stakeholders, to understand their values, current and potential issues, whilst identifying timely and suitable solutions. As at the date of reporting, there remains one active case related to our plasma smallholder partnership linked to our plantation unit PT NKU yet to be settled.

Number of RSPO Cases	2017	2018	2019	2020	2021
Active	2	2	2	1	1
Closed	4	4	5	6	7
Total	6	6	7	7	8

Bumitama Agri Ltd. (the "Company" or "Bumitama") and its subsidiaries (the "Group") recognises the importance of and is committed to observing and attaining high standards of corporate governance, business integrity and professionalism in its business and operations. The Board constantly reviews the Company's corporate governance practices and seeks to align its practices with the development and changes in the Code of Corporate Governance 2018 (the "Code") as well as inputs from the stakeholders. The Company has complied substantially with the principles and guidelines set out in the Code, where they are applicable, relevant and practicable. In so far as any principle and/or guideline has not been complied with, the reason has been provided.

This report sets out Bumitama key corporate governance practices with reference to the Code and with the Group's cultural pillar of morality, capability and integrity and its code of ethics which is captured by the Company's code of conduct policy, business ethics and anti-corruption policy.

ACHIEVEMENT

The Company has been accorded from the Asiamoney Corporate Governance Poll 2021 the Most Outstanding Company in Singapore – Small/Mid Cap sector award.

(A) BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The primary function of the Board is to protect and enhance long-term value and returns to its Shareholders. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. The Board focuses on the following broad areas, namely:

- Formulate corporate strategies, financial objectives and direction for the Group;
- Ensure effective management leadership of the highest quality and integrity;
- Provide oversight in the proper code of conduct and business ethics of the Group;
- Oversee and/or evaluate the adequacy of the internal audit, risk management, financial reporting and compliance processes; and
- Oversee and ensure high standards of corporate governance for the Group.

The Board also establishes a framework of prudent and effective internal controls which enable risks to be assessed and managed, reviews Management performance, sets the Company's values and standards, and ensures that the Company's obligations to Shareholders and other stakeholders are understood and met and that all decisions are made objectively and in the interest of the Company and its Shareholders.

To facilitate effective management and assist the Board in discharging its responsibilities, certain functions have been delegated by the Board to various Board Committees namely: Audit Committee ("AC"), Remuneration Committee ("RC"), Nominating Committee ("NC") and Conflicts Resolution Committee ("CRC"), which operate under clearly defined terms of reference. With effective from 18 March 2022, NC and CRC had been renamed to Governance & Nominating Committee ("GNC") and Conflicts Resolution & Enterprise Risk Management Committee ("CRERMC") and the new name will be reflected in this Report.

The Committees are each chaired by an Independent Director and all members are Independent Directors. Each Board Committee is governed by clear terms of reference approved by the Board and its role is to assist the Board in the matters that the Board delegates to it. Each Board Committee has the authority to examine any issue that arises in their specific areas and report to the Board with their recommendations. The ultimate responsibility and the final decision on all matters, however, lies with the Board. Details of the scopes, responsibilities and functions of the various Board Committees are set out in this Report.

The Board and Board Committees meetings are scheduled in advance to coincide with the announcements of the Group's half yearly results and key summary production and financial indicators for first and third quarter of the financial year. Additional and ad hoc meetings and conference calls are convened as and when they are deemed necessary to address significant transactions or issues that may arise in between the scheduled meetings. In addition to these meetings, Independent Directors meet without the presence of Management, as and when required. The Company's Constitution provide for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously.

Directors may request for explanations, briefings by or discussions with Management on any aspect of the Group's operations or business from Management. When circumstances require, Board members exchanged views outside the formal environment of Board meetings.

The Board met four times during the financial year ended 31 December 2021 ("FY2021"). Since the outbreak of pandemic of Coronavirus 2019 ("COVID-19") in the beginning of 2020, Board and Board Committees Meetings were held in compliance to the health and safety procedures set by the Ministry of Health of Singapore. The attendance of each Director at the Board and Board Committees Meetings for FY2021 was as follows:

	Board	AC	RC	GNC	CRERMC
Number of Meetings Held	4	4	1	1	1

Name	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Lim Gunawan Hariyanto	4	NA	NA	NA	NA
Lim Christina Hariyanto	4	1[1]	NA	NA	1[1]
Dato' Lee Yeow Chor	4	4[1]	NA	NA	NA
Lee Lap Wah George	4	4	1	1	1
Lim Hung Siang	4	4	1	1	1
Lawrence Lua Gek Pong	4	4	1	1	1
Witjaksana Darmosarkoro[2]	2	2	NA	NA	1

NA: Not Applicable

1 Attendance by invitation of the Committee

2 Appointed as an Independent Director of the Company with effect from 1 July 2021

The Board has delegated day-to-day operations to Management, while reserving certain key matters for its approval. Matters that specifically require Board approval are the Group's financial results, annual budgets, financial statements, interested person transactions, acquisitions and disposals of assets, capital expenditure plan, corporate or financial restructurings, dividend payments, commitments to banking facilities and convening of Shareholders' meetings. Board approval is also required for other matters which are likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business. The Board believes that when making decisions, all Directors of the Board act objectively and in the interests of the Group. If there is any director facing conflicts of interest, the concerned director will recuse himself/ herself from discussions and decisions involving the issue of conflict.

Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore must undergo the necessary training and briefing as prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST"), especially organised by the Singapore Institute of Directors ("SID"). Directors are briefed on the strategic, business and industrial development of the Group at each board meeting by the Chairman and Chief Executive Officer ("CEO") and they also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations. For FY2021, none of the Independent Directors and the Non-Executive Director had been able to travel to the Company's plantations in Indonesia, with safeguard measures undertaken by the Group on international travel, and all visitors needing to undergo isolation due to the COVID-19 pandemic.

The Company encourages Directors to participate in development programmes especially technology development in palm oil industry, which are considered essential and/or will enhance their roles on the Board and its Committees. The cost of Directors' attendance at appropriate training courses, conferences and seminars conducted by professionals (including SID) will be borne by the Company.

Some of the courses/seminars/conferences attended by some of the Directors are:

- SID Listed Entity Director Programme
- SGX Regulatory Symposium 2021
- Malaysia Palm Oil Council Marketing Conference
- Palm Oil Economic Review & Outlook Virtual Conference 2021
- Understanding Increasing Investor Expectations for Climate Governance
- Climate Change Summit
- INSEAD Europe Forum
- Oil & Fats International Congress (OFIC 2021)
- PNB knowledge Forum 2021 – Climate Change: A new Green Deal for Malaysia

All Directors are updated on an on-going basis via Board meetings and/or circulars on matters relating to, *inter alia*, changes to the regulations of the SGX-ST, Companies Act, accounting standards and/or other statutory requirements and/or new releases issued by the SGX-ST, Accounting and Corporate Regulatory Authority ("ACRA"), Monetary Authority of Singapore. The Directors may also seek independent professional advice on any Group matters, as they require, at the Group's expense.

Prior to each Board and Board Committees meeting, all Directors are provided with the relevant Board papers and reports within adequate time for the Directors to review the papers and reports. These reports provide information on the Group's performance, financial position, significant issues and any other matter which may be brought before the Board. Besides these, Board members are provided with quarterly operational performance report with a short commentary so as to ensure Board members are kept updated and informed of the progress of the Group and industrial update on a regular basis. Directors are also informed of any significant developments or events relating to the Group.

All Directors have independent access to the senior management of the Group and the Company Secretary. The Directors also have unrestricted access to the Group's information, minutes of Board meetings, and management accounts to enable them to carry out their duties.

The Company Secretary attends all Board and Board Committees meetings and ensures that Board procedures are followed and that the applicable rules and regulations are complied with. The Company Secretary is responsible for assisting the Company in its compliance with the requirements of the Companies Act, the rules of SGX-ST Listing Manual and any other applicable regulations. The Company Secretary also ensures good information flow within the Board and the Board Committees, as well as between the senior management and Non-Executive Directors (including Independent Directors), and assists in the professional development of existing Directors, as and when required. The appointment and/or removal of the Company Secretaries are subject to Board approval.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises seven members and a majority of the Board are Independent Directors as of the date of this Annual Report:

Name	Board	AC	RC	GNC	CRERMC	Years of Service as at 31.12.21
Lim Gunawan Hariyanto	Executive Chairman	–	–	–	–	9.8
Lim Christina Hariyanto	Executive Director	–	–	–	–	4.6
Dato' Lee Yeow Chor	Non-Executive Director	–	–	–	–	9.8
Lee Lap Wah George[1]	Independent Director	Member	Member	Member	Chairman	4.6
Lim Hung Siang[2]	Lead Independent Director	Chairman	Member	Member	Member	3.6
Lawrence Lua Gek Pong	Independent Director	Member	Chairman	Member	Member	2.3
Witjaksana Darmosarkoro	Independent Director	Member	–	Chairman	Member	0.5

1 Mr. Lee Lap Wah George has ceased acting as a Lead Independent Director with effect from 18 March 2022
2 Mr. Lim Hung Siang has appointed as a Lead Independent Director with effect from 18 March 2022

Note: The composition of the Board Committees has been changed as above: reflected on 18 March 2022

The strong independent element of the Board ensures that it is able to exercise objective and independent judgement on corporate affairs and on transactions involving conflicts of interest and other complexities.

The GNC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the Code and any other salient factors which would render a Director to be deemed not independent. Each of the Independent Directors has provided a declaration of his independence to the GNC. The GNC has reviewed, determined and confirmed the independence of the Independent Directors.

None of the Independent Directors has served on the Board for a period exceeding nine years from the date of their first appointments.

The Board periodically conducts a review of its size and composition of the Board which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences, to ensure both aspects continue to meet the needs of the Group and to maintain the effectiveness of the Board. The Company had appointed an additional independent director, Mr. Witjaksana Darmosarkoro on 1 July 2021 through personal networks to further strengthen Board composition and enhance effective decision making.

In recognition of the importance and value of gender diversity in the composition of the Board, Ms. Lim Christina Hariyanto, was appointed as an Executive Director on 1 June 2017.

The Board has adopted a Group Diversity Policy on 21 February 2022 and the measurable objective identified in particular Board diversity aspects include age, gender, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. Directors with technical, legal, financial, engineering, management and audit background will provide various extensive business experiences to the Company. High emphasis is placed in ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenge that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core business and strategy of the Company and its subsidiaries, and support succession planning and development of the Board.

The current Board comprises Directors who as a group provide core competencies such as finance, legal, engineering, business management, agronomy researcher, sustainability, and industry knowledge. The profile of the Directors can be found on pages 18 to 20 of this Annual Report.

Views and opinions of Non-Executive Directors, who make up a majority of the Board, provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors also communicate regularly with Management to discuss matters such as the Group's financial performance, business strategies, latest business innovation and technologies, and corporate governance initiatives. Where necessary, the Group arranges for the Independent Directors to meet the Heads of Departments and key employees without the presence of Management.

Where necessary or appropriate and at least once a year, the Non-Executive Director and Independent Directors on the Board will meet without the presence of the Management. The Independent Director communicates regularly to discuss matters related to the Group. Where appropriate, the Lead Independent Director provides feedback to the Executive Chairman after such meeting(s).

The Code provides that where the Chairman is, *inter alia*, part of the Management team or is not an Independent Director, the Independent Director should make up a majority of the Board. With 1 Non-Executive Director and 4 Independent Directors making up a majority of the Board, the Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board, Mr. Lim Gunawan Hariyanto, is also the CEO of the Company. Mr. Lim Gunawan Hariyanto plays an instrumental role as the CEO in (i) formulating the overall business and corporate policies and strategies of the Group; (ii) managing the overall business and operations of the Group; and (iii) overseeing the Group's overall business development. As Chairman of the Board, he bears primary responsibility for the workings of the Board, by ensuring effectiveness on all aspects of its role including setting agenda for Board meetings and ensuring that the Directors receive complete and adequate information.

With the establishment of various Board Committees who have power and authority to perform key functions and put in place internal controls for effective oversight of the Group's business and majority of the Board and Board Committees comprise Independent Directors, which added a greater element of independent to Board and Board Committees' decisions to prevent an uneven concentration of power and authority in a single individual, the Board is of the view that these enable the Board to exercise objective decision-making in the interests of the Group. The Board believes that Mr. Lim Gunawan Hariyanto's dual role as Chairman and CEO allows for more effective planning and execution of long-term business strategies as he is knowledgeable in the business of the Group and provides the Group with a strong and consistent leadership.

In view of the foregoing, the Board is of the view that it is currently unnecessary to effect a separation of the roles of the Chairman of the Board from that of the CEO to facilitate the Group's decision-making and implementation process.

Taking cognizance of the non-separation of the roles of the Chairman of the Board and the CEO, the Board has in the spirit of good corporate governance, nominated and appointed Mr. Lim Hung Siang as Lead Independent Director in place of Mr. Lee Lap Wah George in year 2022 to serve as a channel for Shareholders in the event their concerns are not resolved through the normal channel of the Chairman and CEO or the Chief Financial Officer ("CFO"), or for which such contact is inappropriate. Mr. Lim Hung Siang will also act as liaison between the Independent Directors and the Chairman of the Board; to provide non-executive perspectives in circumstances where it would be inappropriate for the Chairman to serve in such capacity and to contribute a balanced viewpoint to the Board.

PRINCIPLE 4: BOARD MEMBERSHIP

The GNC comprises four Directors, all of whom are non-executive and are Independent Directors. The GNC members are:

Mr. Witjaksana Darmosarkoro (GNC Chairman)
Mr. Lee Lap Wah George
Mr. Lim Hung Siang
Mr. Lawrence Lua Gek Pong

The GNC met on one occasion in FY2021.

The GNC performed the following functions in FY2021 in accordance with its terms of reference:

1. reviewed and recommended to the Board the structure, size and composition of the Board and Board Committees;
2. determined the process for search, nomination, selection and appointment of new Board members;
3. reviewed and made recommendations to the Board on all Board appointments, including nomination of the Directors for re-election/re-appointment, taking into account the Director's contribution and performance;

4. determined annually whether a Director is independent;
5. determined whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly where the Director concerned has multiple board representations;
6. evaluated the Board's performance as a whole and the contribution by each Director to the effectiveness of the Board, and to adopt appropriate measures to assess performance;
7. reviewed succession plans, in particular, the Chairman / CEO and key management; and
8. monitored the induction, orientation and training for any new and existing Directors.

Pursuant to Regulation 91 of the Company's Constitution, one-third of the Directors will retire from office by rotation and submit themselves for re-nomination and re-election at every Annual General Meeting ("AGM"). Each Director is also required to retire at least once every three years. Pursuant to Regulation 97 of the Company's Constitution, any Director so appointed shall hold office until the next AGM. A retiring Director is eligible and may be nominated for re-election.

The GNC has recommended to the Board that Mr. Lim Gunawan Hariyanto, Mr. Lee Lap Wah George (retiring pursuant to Regulation 91 of the Company's Constitution) and Mr. Witjaksana Darmosarkoro (retiring pursuant to Regulation 97 of the Company's Constitution), be nominated for re-election at the forthcoming AGM. Mr. Lim Gunawan Hariyanto, Mr. Lee Lap Wah George, and Mr. Witjaksana Darmosarkoro have signified their consent to remain in office.

In reviewing the nomination of the retiring Directors, the GNC considered the performance and contribution of each of the retiring Directors, having regards not only to their attendance and participation at Board and Board Committees meetings but also the time and efforts devoted to the Group's business and affairs. The Board has accepted the GNC's recommendation.

Each member of the GNC and the Board shall abstain from voting on any resolutions and/or participating in deliberations in respect of his/her own re-election as Director. Accordingly, Mr. Lim Gunawan Hariyanto, Mr. Lee Lap Wah George and Mr. Witjaksana Darmosarkoro have abstained from the deliberation and decision in respect of their own re-election.

The GNC conducts an annual review of Directors' independence adopting the Code's definition of an Independent Director and guidelines as to relationship in determining the independence of a Director. The GNC and the Board are of the view that Mr. Lee Lap Wah George, Mr. Lim Hung Siang, Mr. Lawrence Lua Gek Pong and Mr. Witjaksana Darmosarkoro are considered independent while Dato' Lee Yeow Chor is considered a Non-Executive and Non-Independent Director in view of his association with Oakridge Investments Pte Ltd., a substantial shareholder of the Company.

Save as disclosed, the Non-Executive Directors are not related and do not have any relationship with the Company, its related corporations, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

The GNC had adopted a process for the selection and appointment of new Directors which provides the procedures for identification of potential candidates' skills, knowledge, experience and assessment of the candidates' suitability.

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, Management or external parties. The GNC interviews the shortlisted candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committee(s).

In reviewing and recommending to the Board any new Director appointments, the GNC considers: (a) the candidate's independence, in the case of the appointment of an Independent Director; (b) the composition requirements for the Board or Board Committee(s) as the case may be; (c) the candidate's track record, experience and capabilities and such other relevant factors as may be determined by the GNC which would contribute to the Board's collective skills; and (d) any competing time commitments if the candidate has multiple board representations.

The Company will provide a formal letter of appointment to newly appointed Non-Executive Directors, setting out the Director's duties and obligations and terms of appointment whereas Executive Directors will be provided with Service Agreements setting out their terms of office and terms and conditions of appointment.

The GNC had deliberated on succession planning for the Chairman/CEO and key management and would bear this factor in mind when considering the appointment and/or replacement of any Executive Director and key management personnel to ensure business continuity and long-term success of the Company.

A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Group. The GNC is of the view that Directors who have multiple board representations have performed as well as the other Directors with lesser board representations. The Board, with the concurrence of the GNC, having considered the attendance of the Directors and their contributions at meetings of the Board and Board Committees, is of the view that such multiple representations do not hinder the Directors from carrying out their duties in the Company. The Board and the GNC are also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Group. The GNC is also of the view that putting a maximum limit on the number of listed company board representations is arbitrary, given that time requirements for each vary, and thus should not be prescriptive but are not adverse to consider and review existing models available on the market for managing board representations.

As at 31 December 2021, there is no alternate Director on the Board.

PRINCIPLE 5: BOARD PERFORMANCE

The GNC has adopted an annual assessment of the performance and effectiveness of the Board and Board Committees collectively. The GNC believes it is more appropriate to assess the Board and its Committees as a whole, rather than assessing individual Directors, bearing in mind that each member of the Board contributes in different ways to the effectiveness of the Board.

The assessment process had been continuously improved upon, with feedback from the Board and the review incorporates factors such as attendance, Board composition, conduct, input and contributions of the Board and its various committees; keeping updated on latest trends in the industry and global market; and quality, availability and sufficiency of information. Each Director evaluates and assesses the Board and the Board Committees, the results of which are consolidated, analysed and discussed within the GNC, which included a comparison with the results of the preceding financial year. The results and areas to be strengthened are identified and reported to the Board.

The Chairman, in consultation with the GNC, would act on the results of the assessment; upon the endorsement of the report.

For FY2021, the GNC is generally satisfied with the Board evaluation results, which indicated areas of strengths and areas that could be improved further. No significant problems had been identified. The GNC had discussed the results with the Board and the Board has agreed to work on the areas where improvement is necessary as appropriate.

(B) REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three members, all of whom are non-executive and Independent Directors. The members of the RC are:

Mr. Lawrence Lua Gek Pong (RC Chairman)
Mr. Lim Hung Siang
Mr. Lee Lap Wah George

During FY2021, the RC met on one occasion.

The RC carried out the following activities during FY2021 in accordance with its terms of reference:

1. recommended to the Board a framework of remuneration for the Directors and key management personnel of the Group;
2. ensured that these remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities;

3. reviewed and recommended Directors' fees for Non-Executive Directors, taking into account factors such as their effort, time spent, and responsibilities; and
4. reviewed the service contracts of the CEO and Executive Directors.

The Group has a formal and transparent process for developing policy on executive remuneration and fixing the remuneration packages of individual Directors and key management personnel. The RC's review covers all aspects of remuneration including but not limited to, Directors' fees, salaries, allowances, bonuses, employees share options and benefits in kind and specific remuneration package for each Director.

In developing a policy on executive remuneration, the RC seeks to link a proportion of the compensation to the Group's performance. The RC also ensures that the remuneration packages of individual Directors take into consideration the Group's performance and the performance of that individual Director. No Director is involved in deciding his own remuneration. The RC has access to external expert advice on remuneration matters, if required. No external remuneration consultants were appointed for the financial year under review.

The Group does not have any employee share option scheme or any long-term scheme in place.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The remuneration policy of the Company is to provide compensation packages at market rates, reward performance and attract, retain and motivate the key management personnel.

Only Non-Executive Directors (including Independent Directors) are paid Directors' fees. The Directors' fees are set in accordance with a framework comprising Board fees and additional fee(s) for serving on any of the Board Committees and taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. The payment of such fees is recommended for Shareholders' approval at the AGM of the Company.

The Executive Directors do not receive any Directors' fee. The remuneration packages of the Executive Directors and key management personnel are determined annually having regard to the performance of the individuals and the Group as well as taking into account industry standards.

The remuneration packages for the Executive Directors and key management personnel consist of both fixed and variable components. The variable component is determined based on the performance of the individual and the Group's performance in the relevant financial year. Annual increments and adjustments to remuneration are reviewed and approved taking into account the outcome of the annual appraisal of the employees.

Management makes recommendations to the RC, having regard to key performance indicators, such as (a) revenue, (b) earnings before interest, depreciation and amortisation (EBITDA), (c) net profit, (d) planted area and (e) Fresh Fruits Bunches internal and Crude Palm Oil production. The list is not exhaustive. The Group will also consider the individual contribution to these objectives. With performance-related remuneration, the interests of shareholders and other stakeholders are aligned to promote the long-term sustainability of the Group.

Each member of the RC shall abstain from voting on any resolutions and/or participating in discussion regarding his own remuneration package or on matters in which he is interested.

The Executive Directors' Service Agreements were for an initial period of 3 years from the date of appointment respectively and are renewable for successive periods of one year each. The Service Agreements may be terminated during such term either as provided in the Service Agreements or by either party giving to the other not less than six months' written notice. There are no onerous compensation commitments on the part of the Company or its subsidiaries in the event of an early termination of the service of the Executive Directors. The Executive Directors and key management personnel of the Group are rewarded based on their achievement of certain key performance indicators and the actual results of the Group, and not on any other assigned incentives, the "claw back" provisions in their employment contracts may therefore not be relevant or appropriate. The RC will when appropriate, review the need to adopt provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstance of misstatement of financial results or of misconduct which could result in financial loss to the Group.

The RC, with the concurrence of the Board, has recommended that an amount of S$404,000 as Directors' fees be paid to the Non-Executive Directors quarterly in arrears for FY2022 and an amount of S$38,750 as Director's fee for FY2021 be paid to Mr. Witjaksana Darmosarkoro who was appointed as independent director on 1 July 2021. These fees will be tabled for Shareholders' approval at the forthcoming AGM.

The annual remuneration bands for the Directors and key management personnel and the proportion of variable bonus and fixed remuneration, fee and salary of the benefit for FY2021 are set out below:

Name	Total Directors' Fee (S$)	Fixed Salary	Variable Bonus and Benefit	Remuneration Band	Total
Directors					
Lim Gunawan Hariyanto[1]	–	60%	40%	S$2,750,001 – S$3,000,000	100%
Lim Christina Hariyanto[2]	–	63%	37%	S$250,001 – S$500,000	100%
Dato' Lee Yeow Chor	62,500	–	–	Below S$250,000	100%
Lee Lap Wah George	91,500	–	–	Below S$250,000	100%
Lim Hung Siang	82,500	–	–	Below S$250,000	100%
Lawrence Lua Gek Pong	81,000	–	–	Below S$250,000	100%
Witjaksana Darmosarkoro[3]	38,750	–	–	Below S$250,000	100%

Key Management Personnel[4]					
1 Executive	–	64%	36%	S$2,000,001 – S$2,250,000	100%
1 Executive	–	51%	49%	S$1,500,001 – S$1,750,000	100%
1 Executive	–	81%	19%	S$250,001 – S$500,000	100%

Notes:

1. Payment partly by Indonesian subsidiaries and partly by Bumitama.
2. Mainly paid by Indonesian subsidiaries
3. Mr. Witjaksana Darmosarkoro was appointed on 1 July 2021, his director's fee for FY2021 will be tabled for shareholders' approval at the forthcoming AGM.
4. Fully paid by Indonesian subsidiaries.

The remuneration of the Directors and key management personnel are set out in incremental bands of S$250,000. The Group is of the view that disclosure in incremental bands is sufficient and adequate, and that any further disclosure could be detrimental to the Group's interest, as it may hamper the Group's efforts in retaining and nurturing its talent pool, having regard to the highly competitive human resource environment, and the confidential nature of remuneration matters.

On the same basis and also due to sensitivity of such matter, it is not in the Group's interest to disclose the aggregate remuneration of its key management personnel (who are not Directors or the CEO).

Having considered Provision 8.1 of the Code requiring the disclosure of the remuneration of at least the top 5 key management personnel (who are not directors or the CEO), the Group is only disclosing the above 3 individuals, who, besides the CEO, are considered as the Group's key management personnel and since they have supervisory roles over the other senior management of the Group.

There are two employees, who are immediate family members of a Director and/or the CEO and/or a substantial shareholder of the Company whose remuneration exceeded S$100,000, in bands no wider than S$100,000 during FY2021. The information is set out below:

Name of Executives[1]	Related to	Remuneration Band
Gunardi Hariyanto Lim	Brother of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S$2,000,001 - S$2,100,000
Lim Liana Sarwono	Sister of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S$300,001 - S$400,000

Notes:
1. Fully paid by Indonesian subsidiaries.

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises that it is responsible for ensuring that Management maintains a sound system of internal controls to safeguard Shareholders' investment and the Group's assets.

The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. Management reviews all control policies and procedures and highlights all significant matters to the AC and the Board. The Group's financial risk factors and financial risk management objectives and policies are outlined under Note 34 of the "Notes to the Financial Statements" on pages 121 to 130. Risk management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the AC and the Board are in a position to make more informed decisions and will benefit from a better balance between risk and reward. This will assist in protecting the Group's assets.

The AC, together with the Board has reviewed the effectiveness of the Group's system of internal controls put in place to address the key financial, operational, compliance and information technology risks affecting the operations.

ENTERPRISE RISK MANAGEMENT ("ERM")

Effective and prudent risk management is one of the key factors in achieving the Group's business objectives and strategic goals.

The Group has established a systematic ERM framework to identify, assess, monitor, manage and evaluate the significant business risks which the Group is exposed to. Under the ERM framework, a risk register identifying the material risks together with the internal controls to manage or mitigate those risks is maintained. A separate Management Committee and an Enterprise Risk Department were formed to oversee the ERM and ensure that the risk register is reviewed, managed and updated regularly.

The Management Committee comprises the Chief Operating Officer, CFO, Chief Sustainability Officer ("CSO") as well as the Head of the Internal Audit Department.

Risks are pro-actively identified and addressed. The ownership of these risks lies with the respective business and executive heads with stewardship residing with the Board. The Internal Audit Department, CSO, together with the ERM Secretariat review on the whole ERM system and the Board reviews the adequacy and effectiveness of the Group's risk management and internal control systems quarterly. As the Group continues to grow and taking into account the evolving nature of its business, the Management Committee will on a regular basis, conduct an assessment on the adequacy of the framework, processes and procedures and risk identified and measured.

Since 2020, the results of a review incorporating changing business dynamics especially taking into consideration of COVID-19 pandemic were tabled and the results and recommendations had been shared with AC and the Board. It was agreed that (1) business continuity in the COVID-19 pandemic emphasizes in ensuring the health and safety of workers, their families and communities near to our operations; (2) continuous training are needed and will be conducted in phases to ensure internalisation of the purpose and method of ERM assessment and risk management; (3) the risk map was improved and updated based on feedback from various departments and management; and (4) preparation of the internal audit plan for 2022 incorporating information drawn from this revised risk map.

The Board has received written assurances from the CEO and CFO that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems are effective and adequate.

The CEO and CFO have obtained similar assurance from the business and corporate executive heads in the Group.

Based on the ERM framework established, internal controls systems maintained by the Group, work performed by the internal and external auditors, and assurance from Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems addressing financial, operational, compliance and information technology controls and risk management system of the Group are adequate and effective during FY2021.

In March 2022, the AC has amended its terms of reference and delegated the oversight of ERM to CRERMC and AC shall have close interaction with CRERMC on key financial risk areas on ERM.

PRINCIPLE 10: AUDIT COMMITTEE

The AC comprises four members, all of whom are non-executive and Independent Directors. The AC members are:

Mr. Lim Hung Siang (AC Chairman)
Mr. Lee Lap Wah George
Mr. Lawrence Lua Gek Pong
Mr. Witjaksana Darmosarkoro

In accordance with the principles in the Code, the Board is of the view that at least two members, including the AC Chairman, collectively, have the expertise and experience in accounting and financial and finance management, and are qualified to fulfill and discharge their responsibilities. The AC does not comprise former partners or directors of the Company's existing auditing firm, Ernst & Young LLP.

For FY2021, the AC has performed the following in accordance with its terms of reference:

1. met with both the internal and the external auditors to review the audit plans, and discussed the results of their audit findings and evaluation of the Group's system of internal accounting controls;
2. reviewed the Group's significant financial reporting issues and judgement to ensure the integrity of the financial statements of the Group and announcements relating to the Group's financial performance;
3. reviewed the adequacy and effectiveness of the Group's internal audit controls and risk management systems;
4. reviewed with the internal auditors, the scope and results of the internal audit procedures and monitored Management's response to their findings to ensure that appropriate follow-up measures are taken;
5. reviewed the adequacy, independence and effectiveness of the external audit and the Group's internal audit function;
6. reviewed the assurance from the CEO and the CFO on the financial records and financial statements;
7. reviewed compliance with the corporate governance guidelines on processes and activities adopted by the Board;

8. reviewed and discussed with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response;

9. reviewed Interested Person Transactions ("IPT") falling within the scope of Chapter 9 of the SGX-ST Listing Manual and the IPT Register;

10. reviewed and monitored any report or concern received via channel established by whistleblowing policy;

11. reviewed quarterly ERM report prepared by the Internal Audit Department, CSO, together with the ERM Secretariat;

12. made recommendations to the Board on the nomination of the external auditors, as well as reviewed the remuneration and terms of engagement of the external auditors;

13. met with the internal and external auditors, without the presence of Management. Both the internal and external auditors had confirmed that they had received full co-operation from Management and no restrictions were placed on the scope of the respective audits;

14. kept abreast of accounting standards and issues that could potentially impact the Group's financial reporting through semi-annual updates and advice from the external auditors;

15. reviewed the non-audit services provided by the external auditors of the Group, and the fees paid to them, to assess the independence and objectivity of the external auditors. The aggregate amount and breakdown of the audit and non-audit fees paid to the external auditors are found in Note 6 "General and Administrative Expenses" in the Financial Statements of this Annual Report. The AC is satisfied that the nature and extent of non-audit services had not prejudiced the independence and objectivity of the external auditors. The external auditors had also confirmed their independence in this respect; and

16. reviewed and confirmed the Group's compliance with Rules 712, 715 and 716(1) of the Listing Rules of the SGX-ST. The AC in their deliberation on the proposed appointment of Ernst & Young LLP have considered various factors, and was satisfied that the adequacy of resources and firm's experience, the audit engagement partner and his team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group. The accounts of the Company, its significant foreign-incorporated subsidiaries and its associates are audited by Ernst & Young LLP, an auditing firm registered with the ACRA, and KAP Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Indonesia).

    The rest of the Group's subsidiaries are audited by Anwar & Rekan ("A&R"), an auditing firm which is part of DFK International, a worldwide association of independent accounting firms and business advisers. The AC is satisfied that the appointment of A&R would not compromise the standard and effectiveness of the audit of the Group. The list of the Group's subsidiaries audited are disclosed on Note 9 of the "Investments to Subsidiaries" on pages 91 to 96 of this Annual Report.

The AC with the concurrence of the Board has recommended the nomination of Ernst & Young LLP for re-appointment as external auditors of the Company at the forthcoming AGM. Rule 713(1) of the Listing Rules of SGX-ST provides that the audit partner must not be in charge of more than 5 consecutive audit for a full financial year. The Company adheres to the regular rotation of audit partner once every five years.

The AC has explicit authority within the scope of its responsibilities to seek any information it requires or investigates any matter within its terms of reference. In particular, the AC has full access to both the external and internal auditors. It also has full discretion to invite any Director, and/or Management to attend its meetings.

The Group has put in place a whistle-blowing policy, whereby staff of the Group or any other persons such as customers, suppliers, contractors or local community may, in good faith and confidence, without fear of reprisals raise concerns about possible improprieties in financial reporting, unethical practices, misconduct or wrongdoing or other matters relating to the Company and its officers.

Anonymous disclosures will be accepted and anonymity honoured. Arrangements are also in place for the confidential and independent investigation of such matters and for appropriate follow up actions. The Head of Internal Audit is the person to whom matters should be reported in the first instance through designated email and phone number. The initiated case will be raised to Investigation Audit Section ("IAS")/ AC Chairman and the investigation process will be carried out by IAS.

The Group is committed to ensure protection of the identity and interest of all whistleblowers against detrimental or unfair treatment. If there are concerns as to the safety of the whistleblower, he or she may submit their complaint without putting his or her name and the whistleblower shall not be disadvantaged by dismissal, demotion, harassment, discrimination or bias.

The whistle-blowing policy and the procedures put in place to implement, such a policy had been reviewed by the AC and made available to all employees.

During FY2021, the Group had received whistle-blowing reports which were also highlighted to the AC's attention and deliberated at the meetings of AC quarterly. The whistle-blowing reports highlighted several incidents of impropriety carried out at the Group's plantations in Indonesia. These incidents were not material to the Group's financial statements and operations and remedial actions had been taken to address the issues.

INTERNAL AUDIT

A dedicated in-house internal audit team ("IA") is in place to review, at least once annually, the risks of the Group's policy, procedures and activities. The IA has unfettered access to all of the Group's records and documents and reports directly to the AC on any material non-compliance and internal control weakness.

The Head of the IA reports directly to the Chairman of the AC on audit matters and to the CFO on administrative matters. The Head of the IA also shares the IA report with Management so as to ensure that the recommended corrective and preventive actions are taken. Every quarter, the IA prepares the internal audit report and reports the key issues, highlighting concerns, if any, to the AC. Feedback from the AC is taken note of, acted on and monitored. Within this framework, the internal audit function provides reasonable assurance that the risks of the Group will be identified, analysed and managed by Management. The IA will also make recommendations to enhance the effectiveness and security of the Group's operations.

The AC ensures that the internal audit function is adequately resourced and qualified. On an annual basis, the AC reviews the adequacy and effectiveness of the internal audit function. The IA prepares and present internal audit plan which incorporated feedback from the AC reviews, categorised inputs gathered from the audits, reviewing risk map, core programmes of the Group and critical internal control areas. To ensure maximisation of human resources in this department, IA has a training programme drawn up specifically to ensure that the team is kept updated and current on matters of audit, risks and internal controls based on the recommendations of the AC. The IA department is staffed with suitably qualified and experienced professionals with operational and financial experiences.

In addition to the work performed by the internal audit team, the external auditors also performed tests of certain controls that are relevant to the preparation of the Group's financial statements. The external auditors report any significant deficiencies of such internal controls to the AC. The AC also reviews the effectiveness of measures taken by Management to address the issues noted by the external auditors. The internal controls are continually being refined by Management.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDERS RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Group is committed to disseminate information to Shareholders regularly and on a timely basis. It aims to provide Shareholders with clear, balanced, useful and material information to ensure that Shareholders receive a balanced and up-to-date view of the Group's strategic development, performance and business. The Company also takes input from stakeholders by considering and balancing the needs and interests of material stakeholders.

Shareholders are informed of general meetings through notices posted on the Company's website and the Company's announcement via SGXNet. The Company will dispatch the notice of general meeting to shareholders, together with the explanatory notes or a circular on items of special business for AGM and/or ordinary resolution or special resolution for Extraordinary General Meeting, at least 14 or 21 calendar days, where the case may be, before the general meeting.

The Group's main forum for dialogue with Shareholders takes place at its AGM, where members of the Board, senior management and the external auditors are in attendance. Shareholders are given an opportunity to air their views and ask questions regarding the resolutions tabled at the AGM.

The chairpersons of the Board Committees and Directors are all endeavor to be present and available to address shareholders' questions raised at the AGM relating to matters of the Board and respective Committees. The Group's external auditors are also invited and required to attend the AGM and are available to assist the Directors in addressing any relevant queries by the Shareholders relating to the conduct of the audit and the preparation and content of their Auditors' Report. The Company endeavors to address and publish its responses to any substantial and relevant questions received prior to the AGM within a stipulated and reasonable timeline.

Shareholders are encouraged to attend the Company's AGM to ensure a high level of accountability and to stay informed of the Group's strategies and growth. If Shareholders are unable to attend the meetings, the Constitution allows a Shareholder of the Company to appoint up to two proxies to attend, speak and to vote in place of the Shareholder through proxy form sent in advance. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meeting without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

As the authentication of Shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate.

Electronic poll voting may be efficient in terms of speed but may not be cost effective. In this respect, the Company did not adopt electronic poll voting. Hence, in light with COVID-19 situation, shareholders who wish to exercise their right to vote on any or all of the resolutions at the general meeting are required to appoint the Chairman of the Meeting(s) as their proxy by submitting the duly completed and signed proxy forms to designated email address and mailing address. Persons who hold shares through relevant intermediaries who wish to appoint the Chairman of the meeting as proxy should approach their respective CPF Agent Banks or Supplementary Retirement Scheme (SRS) Operators to submit their votes.

An appointed independent scrutineer validates the proxy forms submitted by the shareholders and the vote of all such valid proxies are counted and verified. The voting results of all votes cast for or against each resolution are screened at the meeting with respective percentage and these details are announced through SGXNet after the meeting. The Company Secretary prepares the minutes of general meeting, which incorporate substantial and relevant questions from shareholders and responses from the Board and Management. These minutes are publicly available at SGX-ST's website and the Company's website.

2021 AGM

In view of the evolving COVID-19 situation and safe distancing measures, AGM of the Company held on 12 April 2021 was conducted via electronic means in accordance with the COVID-19 (Temporary Measures) Act 2020 and the related order on the conduct of alternative arrangements for general meetings (the "COVID-19 Order"). All directors of the Company attended AGM for FY2020 virtually and/or physically, save for Dato' Lee Yeow Chor and Mr. Lee Lap Wah George.

In 2021 and in accordance with the COVID-19 Order, shareholders attended the AGM via electronic means (i.e. live audio-visual webcast or live audio-only stream and submitted questions to the Chairman of the Meeting(s) in advance of the AGM). The Company addressed substantial and relevant questions received from shareholders at the aforesaid meeting and published minutes of AGM including the responses to these questions on SGXNet and the Company's website.

2022 AGM

The forthcoming AGM of the Company will be convened, and held concurrently, at Sofitel Singapore City Centre, Saga Room, Level 5, 9 Wallich Street, Singapore 078885 pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 (the "Physical Meeting") and by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Virtual Meeting").

As precautionary measure to minimise physical interactions and COVID-19 transmission risks, only 50 shareholders will be allowed to attend the 2022 AGM in person. The pre-registration for attendance of Physical Meeting will be at first-come-first-serve basis and the attendees at Physical Meeting are obliged to comply any regulations, directives, measures or guidelines that may be issued by local authority(ies) from time to time. Shareholders who are unsuccessful in the pre-registration for the Physical Meeting will be able to attend the Virtual Meeting.

Further information on the 2022 AGM arrangement can be found in the Notice of AGM under Notes on pages 140 to 141 of this Annual Report and Important Notice to Shareholders dated 7 April 2022.

DIVIDEND POLICY

The Group has a dividend policy to distribute up to 40% of its distributable income. The policy on distribution of dividend depends on the results of the Group's cash flow and financial position, capital expenditure plan, debt repayment schedule, dividends received from its subsidiaries, industry conditions and prospects, and other factors deemed relevant by the Board of Directors.

For FY2021, the Group had declared and paid interim dividend of S$0.0045 per ordinary share on 17 September 2021. A final dividend of S$0.033 per ordinary share for FY2021 has been recommended by the Board and subject to the approval by Shareholders at the forthcoming AGM.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

Other than the general meeting serves as a main avenue for communication between the Board and Shareholders, the Company has a dedicated investor relations team of whom contact details are available on the Company's corporate website which shareholders may contact the Company with questions and through which the Company respond to such questions.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Group has arrangements in place to identify and engage with its material shareholder groups and to manage its relationships with such groups. It undertakes formal and informal stakeholder engagement exercise, such as announcements, press releases, investor relations, publications, surveys and feedback with material stakeholder groups which include shareholders, suppliers, customers and employees. The Group has identified the environmental, social and governance factors that are important to its stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in the Company's sustainability report. Further information in relation to details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholders, including frequency of engagement by type and by stakeholder groups and key feedback or issues that have been raised though stakeholder engagement can be found in the sustainability report for FY2021 which is included in this annual report.

The Company maintains a corporate website at https://www.bumitama-agri.com/ to communicate and engage with shareholders and stakeholders.

CONFLICTS RESOLUTION & ENTERPRISE RISK MANAGEMENT COMMITTEE

In light of the interest of the Group's controlling shareholders in the palm oil business outside of the Group, the Board has adopted certain procedures to address conflicts or potential conflicts of interest issues that may arise from time to time in the course of business conducted or carried on by the Group.

The CRERMC comprises four members, all of whom are non-executive and are Independent Directors. The members are:

Mr. Lee Lap Wah George (CRERMC Chairman)
Mr. Lawrence Lua Gek Pong
Mr. Lim Hung Siang
Mr. Witjaksana Darmosarkoro

The CRERMC performs the following functions in accordance with its terms of reference for FY2021:

1. reviewed on an annual basis the protocols established to resolve conflicts or potential conflicts of interest, so as to ascertain that the guidelines are adequate and relevant to the business and affairs of the Group;

2. received quarterly report from internal auditors in relation to potential of conflict of interest for the Company; and

3. reviewed, if any, specific conflicts or potential conflicts of interests that may arise from time to time and to ensure that such conflicts are dealt with or resolved properly.

Management maintains a record of potential conflict transactions (deliberated on as well as decided). Any member of the CRERMC is entitled to inspect such records.

Within 45 days from the end of each financial quarter/ half-year and 60 days from the full year results announcement, Management will circulate or present information on transactions or potential transactions carried out or rejected in the immediately preceding financial quarter to the Board. However, this information will not be extended to the Directors who are in a conflict or potential conflict of interest situation.

On a quarterly basis, the CRERMC will receive reports from the internal auditors who provide confirmation that the protocols have been adhered to in the preceding quarter.

DEALINGS IN SECURITIES

The Group has adopted an internal compliance code on Securities Transaction ("Compliance Code") which provides guidance and internal regulation with regard to dealings in the Company's securities by the Company, its Directors and officers. These guidelines prohibit dealing in the Company's securities on short-term considerations and while in possession of unpublished material price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year (if the Company announces its quarterly results, whether required by the SGX-ST or otherwise) and/or one month before the date of announcement of the half year and full year financial results (if the Company does not announce its quarterly results), and ending on the date of the announcement of the relevant results. The Directors and employees of the Company are notified in advance of the commencement of each "closed period". The Compliance Code has been disseminated and made available to all employees.

The Group confirmed that it has adhered to its Compliance Code for FY2021 pursuant to Rule 1207(19) of the SGX-ST Listing Manual.

INTERESTED PERSON TRANSACTIONS

The Group has established internal guidelines to ensure compliance with the requirements of Chapter 9 of the Listing Manual on interested person transactions. The main objective is to ensure that interested person transactions are properly reviewed, approved, and conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Shareholders.

In particular, the CFO will maintain a register of interested persons and a register of transactions carried out with interested persons. These registers are updated quarterly based on submissions by the designated persons. The AC reviews all transactions recorded in the register of interested person transactions on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures established by the Group.

The aggregate value of interested person transactions entered into by the Group in FY2021 is as follows:

Name of interested person	Nature of the Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual during the financial year under review (excluding transactions less than S$100,000)
		in IDR million	in IDR million
Mr. Gunardi Hariyanto Lim[1]	Family relationship with the controlling shareholder of the Company	2,400	Nil
Goldwood Investments Ltd[2]	Related company	2,113	Nil
IOI Corporation Berhad[3]	Controlling shareholder of the Company	Nil	Nil
PT Lima Srikandi Jaya[4]	Related company	6,900	Nil
TOTAL		**11,413**	**Nil**

Notes:

* *For illustrative purpose the aggregate value of all interested person transactions, conducted under the Shareholders' Mandate during the financial year under review using the current period average rate.*

1 In respect of the aggregate rent paid by the Group to Mr. Gunardi Hariyanto Lim for office space in Indonesia pursuant to the lease agreement between Mr. Gunardi Hariyanto Lim and PT Bumitama Gunajaya Agro.

2 In respect of the aggregate rent paid by the Group to Goldwood Investments Ltd. for office space in Singapore pursuant to the lease agreement between Goldwood Investments Ltd. and the Company.

3 In respect of transactions conducted pursuant to the Shareholders' Mandate for Transactions with IOI Corporation Berhad and its Associates (as described in the Prospectus).

4 In respect of the rental agreement of barge transactions involving PT Lima Srikandi Jaya which is one of the subsidiaries of Harita Group. Harita Group is owned by Lim family and also one of the Company's controlling shareholders.

MATERIAL CONTRACTS

Save as disclosed above in the section on "Interested Person Transactions" and Service Agreements entered into between the Company and the Executive Directors, there are no other material contracts of the Company or its subsidiaries involving the interest of the CEO, each Director or controlling shareholders, which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of FY2021.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Mr. Lim Gunawan Hariyanto, Mr. Lee Lap Wah George and Mr. Witjaksana Darmosarkoro are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 22 April 2022 ("AGM") under Ordinary Resolutions 3, 4 and 5 as set out in the Notice of AGM dated 7 April 2022 (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of Director	Lim Gunawan Hariyanto	Lee Lap Wah George	Witjaksana Darmosarkoro
Date of Appointment	23 March 2012	1 June 2017	1 July 2021
Date of Last Re-Appointment	22 April 2019	24 April 2020	–
Age	62	69	62
Country of principal residence	Indonesia	Singapore	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered among others, the recommendation of the Governance & Nominating Committee, contribution, qualifications and work experience of Mr. Lim Gunawan Hariyanto, is of the view that he is suitable for re-election as a Director who is also Executive Chairman and Chief Executive Officer of the Company.	The Board having considered among others, the recommendation of the Governance & Nominating Committee, contribution, qualifications and work experience of Mr. Lee Lap Wah George, is of the view that he is suitable for re-election as an Independent Director of the Company. The Board considers Mr. Lee Lap Wah George to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.	The Board having considered among others, the recommendation of the Governance & Nominating Committee, contribution, qualifications and work experience of Mr. Witjaksana Darmosarkoro, is of the view that he is suitable for re-election as an Independent Director of the Company. The Board considers Mr. Witjaksana Darmosarkoro to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	Yes, Mr. Lim Gunawan Hariyanto is responsible for the formulation of the Group's business, corporate policies and strategies, business development as well as business and operations management.	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer.	Independent Director, Chairman of Conflicts Resolution & Enterprise Risk Management Committee, and a member of Audit Committee, Governance & Nominating Committee and Remuneration Committee.	Independent Director, Chairman of Governance & Nominating Committee and a member of Audit Committee and Conflicts Resolution & Enterprise Risk Management Committee.

Name of Director	Lim Gunawan Hariyanto	Lee Lap Wah George	Witjaksana Darmosarkoro
Professional qualifications	Please refer to Directors' Profile on pages 18 to 20 of Annual Report.	Please refer to Directors' Profile on pages 18 to 20 of Annual Report.	Please refer to Directors' Profile on pages 18 to 20 of Annual Report.
Working experience and occupation(s) during the past 10 years	Please refer to Directors' Profile on pages 18 to 20 of Annual Report.	Please refer to Directors' Profile on pages 18 to 20 of Annual Report.	Please refer to Directors' Profile on pages 18 to 20 of Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Indirect interest – 906,557,774 ordinary shares.	Nil	Nil
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Lim Gunawan Hariyanto is a substantial shareholder of the Company. Mr. Lim Gunawan Hariyanto, Ms. Lim Christina Hariyanto (Executive Director) and Dr. Lim Hariyanto Wijaya Sarwono (substantial shareholder of the Company) are immediate family members.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including Directorships			
Past (for the last 5 years)	• Wellpoint Pacific Holdings Ltd	• PacificMas Bhd. • United Engineers Limited • Wearnes Automotive Pte. Ltd.	• Indonesia Estate Crop Fund
Present	Nil	• OCBC Bank (Malaysia) Berhad • RE&S Holdings Ltd. • Wearnes-Starchase Limited	• Secretariat of Council of Palm Oil Producing Countries
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	Mr. Lim Gunawan Hariyanto was appointed as Director since 23 March 2012 which was before listing of the Company and his answers were "No" to items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual.	There is no change to the responses previously disclosed by Mr. Lee Lap Wah George under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all "No". The Appendix 7.4.1 information in respect of Mr. Lee Lap George's appointment as Director was announced on 31 May 2017.	There is no change to the responses previously disclosed by Mr. Witjaksana Darmosarkoro under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all "No". The Appendix 7.4.1 information in respect of Mr. Witjaksana Darmosarkoro's appointment as Director was announced on 1 July 2021.

ANNUAL FINANCIAL STATEMENTS

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Directors' Statement

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Bumitama Agri Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2021.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The Directors of the Company in office at the date of this statement are:

Lim Gunawan Hariyanto
Lim Christina Hariyanto
Dato' Lee Yeow Chor
Lee Lap Wah George
Lim Hung Siang
Lawrence Lua Gek Pong
Witjaksana Darmosarkoro (Appointed on 1 July 2021)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Lim Gunawan Hariyanto	–	–	906,557,774	906,557,774
Dato' Lee Yeow Chor	–	–	556,672,070	556,672,070
Lim Hung Siang	50,000	50,000	–	–

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES (continued)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

By virtue of Section 7 of the Singapore Companies Act 1967, Lim Gunawan Hariyanto and Dato' Lee Yeow Chor are deemed to have interests in shares of the subsidiaries of the Company to the extent that the Company has interest.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries. The Company does not have any share option scheme.

6. AUDIT COMMITTEE

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Group's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

6. AUDIT COMMITTEE (continued)

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance in the Annual Report of the Company.

7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Lim Christina Hariyanto
Director

Lee Lap Wah George
Director

Singapore
25 March 2022

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bumitama Agri Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statement of changes in equity, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Goodwill and investment in subsidiaries

SFRS(I) 1-36 requires goodwill to be assessed for impairment annually and investments in subsidiaries to be assessed for impairment whenever there are indications of impairment. The plantation estates are individually identified as a single CGU for goodwill impairment testing. Management engaged an independent valuer to assist them in their estimation of the recoverable value of the Cash Generating Unit ("CGU") and investment in subsidiaries with indications of impairment using value-in-use ("VIU") method.

The audit procedures over management's annual goodwill impairment test and related impairment assessment for investment in subsidiaries are significant to our audit because the recoverable value is determined by VIU which is complex, judgmental and subjective, particularly given the changes in market and economic conditions brought on by the COVID-19 pandemic.

The cash flow model estimates the relevant future cash flows which are expected to be generated in the future and are discounted to the present value by using a discount rate approximating the weighted cost of capital of the industry. The estimation of future cash flows requires the use of a number of significant operational and predictive assumptions, such as fresh fruit bunch yield rate, extraction rate, projected selling price, inflation rate, exchange rate and also factors in terminal value after the implicit period of 5 years.

Key Audit Matters (continued)

Goodwill and investment in subsidiaries (continued)

We performed the following procedures, amongst others, in our audit of goodwill impairment assessment and investment in subsidiaries with indications of impairment:

- reviewed the discounted cash flow model to assess the appropriateness of the methodology employed by management

- compared the operational assumptions against historical data and trend to assess their reasonableness

- evaluated and assessed reasonableness of the key assumptions used in the impairment analysis, in particular the inflation rate, projected crude palm oil price, terminal growth rate and the discount rate used in light of the economic and market conditions due to COVID-19

- reviewed adequacy of the disclosures relating to those key assumptions to which the outcome of the impairment test is most sensitive. The Group’s disclosures on goodwill, which disclosed that any material changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future and investment in subsidiaries, are in Note 13 and Note 9 to the financial statements, respectively.

Deferred Tax Assets

The recoverability of the deferred tax assets (“DTA”) is significant to our audit because of the significant management judgement and complexity of the estimation process in forecasting the availability of future taxable profits.

We performed the following procedures, amongst others, in our audit of DTA:

- assessed and tested management’s assumptions to determine if it is probable that sufficient taxable income will be available in the future to utilise the DTA

- compared the consistency of management’s profit forecasts with those included in the financial budgets approved by the Board of Directors

- assessed the reasonableness of management’s assumptions used in the estimation of future profitability by comparing past forecasted results against actual results and by comparing the key assumptions, such as projected crude palm oil price, Fresh Fruit Bunch (“FFB”) yield and cost of production, against external sources and historical trends

- assessed the adequacy of the disclosure in Note 16 to the financial statements

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.

- 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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, related safeguards.

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 current period and are therefore the key audit matters. We describe these matters in our auditor's 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 our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Vincent Toong Weng Sum.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

25 March 2022

Consolidated Income Statement

For the financial year ended 31 December 2021

	Note	2021 IDR million	2020 IDR million
Revenue	4	12,248,630	9,101,746
Cost of sales	5	(8,791,975)	(6,575,599)
Gross profit		3,456,655	2,526,147
Other items of income:			
Other income		27,647	45,415
Interest income	6	195,655	202,205
Other items of expenses:			
Selling expenses	6	(297,462)	(295,770)
General and administrative expenses	6	(399,338)	(312,461)
Finance cost	6	(153,309)	(178,955)
Fair value changes in biological assets		82,066	25,690
Foreign exchange loss		(37,949)	(49,028)
Other expenses		(10,378)	(32,703)
Profit before taxation		2,863,587	1,930,540
Taxation	7	(774,210)	(568,135)
Profit for the year		**2,089,377**	**1,362,405**
Attributable to:			
Owners of the Company		1,721,367	1,126,393
Non-controlling interests		368,010	236,012
		2,089,377	**1,362,405**
Earnings per share attributable to owners of the Company			
Basic and diluted (IDR per share)	8	986	645

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2021

	Note	2021 IDR million	2020 IDR million
Profit for the year		2,089,377	1,362,405
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation (loss)/gain		(2,319)	10,666
Fair value reserve on derivative financial assets/liabilities		14,317	(2,223)
Item that will not be reclassified to profit or loss:			
Re-measurement loss on defined benefit plans	26	(4,389)	(10,722)
Other comprehensive income for the year, net of tax		7,609	(2,279)
Total comprehensive income for the year		2,096,986	1,360,126
Total comprehensive income attributable to:			
Owners of the Company		1,729,447	1,124,886
Non-controlling interests		367,539	235,240
		2,096,986	1,360,126

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2021

	Note	Group		Company	
		2021 IDR million	2020 IDR million	2021 IDR million	2020 IDR million
ASSETS					
Non-current assets					
Investments in subsidiaries	9	–	–	2,028,786	2,075,776
Bearer plants	10	7,770,977	7,725,442	–	–
Property, plant and equipment	11	4,147,075	3,813,214	1,410	2,250
Land use rights	12	986,757	971,853	–	–
Intangible assets	13	185,438	182,606	–	–
Plasma receivables	14	2,278,267	2,639,567	–	–
Due from subsidiaries	15	–	–	5,684,742	6,467,014
Deferred tax assets	16	127,015	209,491	–	–
Derivative financial assets	27	10,628	72,763	10,628	72,763
Total non-current assets		15,506,157	15,614,936	7,725,566	8,617,803
Current assets					
Biological assets	17	376,076	294,010	–	–
Inventories	18	822,371	852,402	–	–
Deferred charges		8,311	7,831	–	–
Trade and other receivables	19	119,965	70,637	245	327
Due from related companies	20	50	50	–	–
Plasma receivables	14	153,429	64,496	–	–
Prepayments and advances		18,205	31,610	191	189
Dividend receivables		–	–	–	442,315
Prepaid taxes		505,008	504,875	63	58
Cash and short-term deposits	21(a)	175,964	791,953	20,834	274,427
Total current assets		2,179,379	2,617,864	21,333	717,316
Total assets		**17,685,536**	**18,232,800**	**7,746,899**	**9,335,119**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2021

	Note	Group		Company	
		2021 IDR million	2020 IDR million	2021 IDR million	2020 IDR million
LIABILITIES AND EQUITY					
Current liabilities					
Loans and borrowings	22	–	282,100	–	282,100
Trade and other payables	23	411,919	598,755	117	2,158
Accrued operating expenses	24	262,472	221,201	51,731	50,259
Dividend payable to non-controlling interests		–	54,595	–	–
Sales advances		246,538	281,120	–	–
Taxes payable		296,723	284,301	8	37
Total current liabilities		1,217,652	1,722,072	51,856	334,554
Net current assets/(liabilities)		961,727	895,792	(30,523)	382,762
Non-current liabilities					
Deferred tax liabilities	16	178,891	137,607	–	–
Loans and borrowings	22	1,752,641	3,282,436	1,752,641	3,282,436
Islamic medium term notes	25	2,390,425	2,443,238	2,390,425	2,443,238
Employee benefits liability	26	130,540	101,092	–	–
Derivative financial liabilities	27	16,815	12,512	16,815	12,512
Total non-current liabilities		4,469,312	5,976,885	4,159,881	5,738,186
Total liabilities		5,686,964	7,698,957	4,211,737	6,072,740
Net assets		**11,998,572**	**10,533,843**	**3,535,162**	**3,262,379**
Equity attributable to owners of the Company					
Share capital	28	1,807,045	1,807,045	1,807,045	1,807,045
Treasury shares	28	(161,366)	(161,366)	(161,366)	(161,366)
Other reserves	29	(183,535)	(213,435)	16,958	2,641
Retained earnings		9,020,320	7,764,128	779,257	561,915
Foreign currency translation reserve	30	(182,016)	(179,697)	1,093,268	1,052,144
		10,300,448	9,016,675	3,535,162	3,262,379
Non-controlling interests		1,698,124	1,517,168	–	–
Total equity		**11,998,572**	**10,533,843**	**3,535,162**	**3,262,379**
Total liabilities and equity		**17,685,536**	**18,232,800**	**7,746,899**	**9,335,119**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2021

Group	Share capital (Note 28) IDR million	Treasury shares (Note 28) IDR million	Retained earnings IDR million	Other reserves (Note 29) IDR million	Foreign currency translation reserves (Note 30) IDR million	Total share capital and reserves IDR million	Non-controlling interests IDR million	Total equity IDR million
	Attributable to owners of the Company							
2021								
Balance as of 1 January 2021	1,807,045	(161,366)	7,764,128	(213,435)	(179,697)	9,016,675	1,517,168	10,533,843
Profit for the year	–	–	1,721,367	–	–	1,721,367	368,010	2,089,377
Other comprehensive income:								
Fair value reserve on derivative financial assets/liabilities	–	–	–	14,317	–	14,317	–	14,317
Foreign currency translation loss	–	–	–	–	(2,319)	(2,319)	–	(2,319)
Re-measurement loss on defined benefit plan (Note 26)	–	–	(3,918)	–	–	(3,918)	(471)	(4,389)
Total comprehensive income for the year, net of tax	–	–	1,717,449	14,317	(2,319)	1,729,447	367,539	2,096,986
Contributions by and distributions to owners:								
Dividends on ordinary shares (Note 36)	–	–	(461,257)	–	–	(461,257)	–	(461,257)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(163,500)	(163,500)
Changes in ownership interest in subsidiaries:								
Acquisition of non-controlling interests without a change in control (Note 9(c))	–	–	–	15,583	–	15,583	(23,083)	(7,500)
Balance as at 31 December 2021	**1,807,045**	**(161,366)**	**9,020,320**	**(183,535)**	**(182,016)**	**10,300,448**	**1,698,124**	**11,998,572**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2021

Group	Share capital (Note 28)	Treasury shares (Note 28)	Retained earnings	Other reserves (Note 29)	Foreign currency translation reserves (Note 30)	Total share capital and reserves	Non-controlling interests	Total equity
	Attributable to owners of the Company							
	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million
2020								
Balance as of 1 January 2020	1,807,045	(147,449)	6,814,530	(201,717)	(190,363)	8,082,046	1,349,134	9,431,180
Profit for the year	–	–	1,126,393	–	–	1,126,393	236,012	1,362,405
Other comprehensive income:								
Fair value reserve on derivative financial assets/liabilities	–	–	–	(2,223)	–	(2,223)	–	(2,223)
Foreign currency translation gain	–	–	–	–	10,666	10,666	–	10,666
Re-measurement loss on defined benefit plan (Note 26)	–	–	(9,950)	–	–	(9,950)	(772)	(10,722)
Total comprehensive income for the year, net of tax	–	–	1,116,443	(2,223)	10,666	1,124,886	235,240	1,360,126
Contributions by and distributions to owners:								
Contribution from non-controlling interest (Note 9(d))	–	–	–	–	–	–	54,526	54,526
Buy-back of ordinary shares	–	(13,917)	–	–	–	(13,917)	–	(13,917)
Dividends on ordinary shares (Note 36)	–	–	(166,845)	–	–	(166,845)	–	(166,845)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(131,227)	(131,227)
Changes in ownership interest in subsidiaries:								
Decrease in ownership in subsidiaries without a change in control (Note 9(d))	–	–	–	(9,495)	–	(9,495)	9,495	–
Balance as at 31 December 2020	**1,807,045**	**(161,366)**	**7,764,128**	**(213,435)**	**(179,697)**	**9,016,675**	**1,517,168**	**10,533,843**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	2021 IDR million	2020 IDR million
Cash flows from operating activities		
Cash receipts from customers	12,162,624	9,605,640
Cash payments to suppliers, employees and for other operating expenses	(9,040,439)	(6,996,857)
Net cash receipts from operations	3,122,185	2,608,783
Income tax paid	(473,098)	(162,986)
Net cash flows generated from operating activities (Note 21(b))	2,649,087	2,445,797
Cash flows from investing activities		
Decrease/(increase) in plasma receivables	296,454	(110,735)
Additions of intangible assets	(7,598)	(8,031)
Additions of bearer plants	(384,362)	(381,092)
Purchase of property, plant and equipment, net (Note 21(c))	(664,278)	(598,000)
Additions of land use rights	(34,302)	(35,050)
Interest received	195,655	202,205
Net cash flows used in investing activities	(598,431)	(930,703)
Cash flows from financing activities		
Proceeds from loans and borrowings	552,452	785,475
Repayment of loans and borrowings	(2,406,549)	(1,648,790)
Dividends paid	(679,352)	(254,730)
Buy-back of ordinary shares	–	(13,917)
Contributions from non-controlling interests	–	54,526
Acquisition of non-controlling interests	(7,500)	–
Interest paid	(128,499)	(170,528)
Net cash flows used in financing activities	(2,669,448)	(1,247,964)
Net (decrease)/increase in cash and cash equivalents	(618,792)	267,130
Effect of exchange rate changes on cash and cash equivalents	2,803	21,070
Cash and cash equivalents at beginning of the year	791,953	503,753
Cash and cash equivalents at the end of the year (Note 21(a))	**175,964**	**791,953**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

Bumitama Agri Ltd. (the "Company") is a limited liability company, incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's immediate holding company is Wellpoint Pacific Holdings Ltd ("Wellpoint") incorporated in British Virgin Islands. Wellpoint is ultimately held by the Hariyantos.

The registered office of the Company is located at 10 Anson Road, #11-19, International Plaza, Singapore 079903. The principal place of operations of the Group is located at Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta Selatan, Indonesia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are that of investment holding, operating oil palm plantations and palm oil mills, and the production and trading of crude palm oil and related products.

Related companies in these financial statements refer to the Hariyanto family's group of companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Indonesian Rupiah ("IDR") and all values are rounded to the nearest million ("IDR million"), except when otherwise indicated.

Fundamental accounting concept

As at 31 December 2021, the Company's current liabilities exceed current assets by IDR 30,523 million (2020: net current assets of IDR 382,762 million). The financial statements have been prepared on a going concern basis as, subsequent to year end, the Company has received the repayment of the loan due from subsidiaries amounting to IDR 698,157 million.

Accordingly, the Directors of the Company are of the view that there are reasonable grounds to believe that the going concern assumption is appropriate and the Company will be able to pay its debts as and when they fall due.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and SFRS(I) Interpretations ("SFRS(I) INT") which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 *Changes in accounting policies* (continued)

Interest Rate Benchmark Reform – Phase 2: *Amendments to SFRS(I) 9, IAS 39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16*

The amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

(a) To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

(b) To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

(c) To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018 – 2021	1 January 2022
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Date to be determined	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 *Basis of consolidation and business combinations* (continued)

(b) *Business combinations and goodwill* (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid/transferred and the equity of the acquired entity is reflected within the equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place. Comparatives are presented as if the entities had always been consolidated since the date the entities had come under common control. No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The Group's financial statements are presented in Indonesian Rupiah ("IDR") which is also the functional currency of its Indonesian entities. The functional currency of the Company is United States Dollars ("USD"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 *Foreign currency* (continued)

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into IDR at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 *Revenue and other income*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the buyer, usually on delivery of goods as performance obligation is judged to have been satisfied and revenue is therefore recognised.

Payments received from the buyer are recorded as sales advances until all of the criteria for acceptance of goods are met.

(b) *Interest income*

Interest income is recognised using the effective interest method.

2.8 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 *Bearer plants*

Bearer plants comprise mature and immature oil palm plantations and nurseries.

Bearer plants are measured at accumulated cost before maturity and at cost, less any subsequent accumulated depreciation and impairment after maturity, with changes recognised in profit or loss. Bearer plants at cost mainly consist of cost relating to development of the oil palm such as land clearing, planting, fertilising, upkeeping/maintaining the plantations, and allocations of indirect overhead costs up to the time the trees become commercially productive and available for harvest.

Depreciation is computed on a straight-line basis over the estimated useful lives of 25 years.

Immature bearer plants are not depreciated as these have yet to reach commercial production yields of fruit.

The carrying values of the bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the bearer plant is included in profit or loss in the year the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.13. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of property, plant and equipment begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Buildings	5 - 20
Renovations	2
Infrastructure	20
Machinery and equipment	5 - 20
Vehicles and heavy equipment	5 - 10
Furniture and fixtures	5

Depreciation of property, plant and equipment related to the plantations are allocated proportionately based on the area of mature and immature plantations.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use. Accumulated cost is transferred to the related asset when the asset is completed and ready for use and is then depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with Note 2.14.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis according to the rights period, which are over the period of 20 to 35 years to its estimated residual value.

Hak Guna Usaha (“HGU”) or Right to Cultivate and Hak Guna Bangunan (“HGB”) or Right to Build are land rights that grant the registered holders of such rights use of the land for a period up to 35 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The other intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Other intangible assets represent the cost of software, which is not an integral part of a related hardware that covers all direct cost related to the acquisition and preparation of the software for its intended use. The intangible asset is being amortised on a straight-line basis over the estimated useful life of five years from its initial use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.13 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years or longer. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.15 Plasma receivables

Plasma receivables represent loans to Plasma farmers under the Indonesian Government policy - Kredit Koperasi Primer untuk Anggota ("KKPA") scheme for the development of plasma plantations and its infrastructures, covering costs incurred for seedling, land clearing, cultivating, fertilising, maintenance and other indirect expenses. Under the KKPA scheme, when bearer plants are transferred to the Plasma farmers, plasma receivables will be recorded.

Plasma receivables are either immediately claimed from the financing banks, temporarily self-funded by the Group for those awaiting bank's funding, or shall be reimbursed by the Plasma farmers. Plasma receivables include advances to Plasma farmers for loan installments paid to banks. This account is presented at net amount after funding received from the banks. Bank financing are soft loans obtained by cooperatives whose agreements were signed by Plasma farmers and the respective bank for which the Group acts as guarantors for the loans repayment.

Costs incurred during development of the oil palm plantations and temporary funding given to the Plasma farmers for working capital purposes are included in plasma receivables in the balance sheet. The funds received from the designated banks on behalf of the Plasma farmers for the development and operations of the plantations are deducted from the plasma receivables on the balance sheet.

Plasma receivables are classified as financial assets carried at amortised cost under SFRS(I) 9 *Financial Instruments*. The accounting policy for financial instruments is set out in Note 2.17.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Biological assets

Biological assets comprise fresh fruit bunches ("FFB").

Biological assets are stated at fair value less estimated costs to sell. Gains or losses arising on initial recognition of FFB at fair value less estimated costs to sell and from the changes in fair value less estimated costs to sell of FFB at each reporting date are included in profit or loss for the period in which they arise.

The fair value of the biological assets is measured by reference to projected harvest quantities and estimated index price of FFB.

In determining the projected harvest quantities, the Group considers the estimated yield of the bearer plants which is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

2.17 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Financial instruments (continued)

(a) Financial assets (continued)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(c) Derivatives

The Group uses derivative financial instruments such as cross currency interest rate swaps and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date. The Group had applied hedge accounting on its cross currency interest rate swaps and interest rate swaps. The accounting policy for hedge accounting is set out in Note 2.31.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the statement of comprehensive income for the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are not pledged as collateral and not restricted.

2.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted-average method. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials (comprising fertilisers and chemicals and other supplies): purchase costs

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost or net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

FFB are initially recognised at fair value less estimated costs to sell and subsequently at the lower of net realisable value and initial recognition value.

2.21 Leases

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

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

The Group's associated right-of-use assets were included within land use rights (Note 2.11).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 *Taxes* (continued)

(b) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is recognised during the measurement period or in profit or loss.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from and payable to, the taxation authority is presented as prepaid taxes and part of other payables in the balance sheet.

2.23 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.24 *Employee benefits*

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Defined benefit plans

The Group also provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labor Law No.13/2003 and the Omnibus Law No. 11/2020. The said additional provisions are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 *Employee benefits* (continued)

(b) *Defined benefit plans* (continued)

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

2.25 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 Treasury shares

The Group's own equity instruments, which are reacquired ("treasury shares") are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.28 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.29 Segment reporting

The Group is organised in one business unit which is plantations and palm oil mills which its operational activities are run in one country, therefore operating segment and geographical segment information are not presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.18 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.31 Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

– fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

– cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

– hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group does not have any fair value hedges or hedges of net investment in foreign operations in 2021 and 2020.

Cash flow hedges which meet the criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management did not make any judgements that have effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.12(a). As disclosed in Note 13, the recoverable amounts of the cash-generating units which goodwill have been allocated to have been determined based on fair value less cost of disposal calculations. The fair value less cost of disposal are determined based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate, inflation rate and projected CPO price used in the discounted cash flow model. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 13.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax credits to the extent that it is probable that taxable profit will be available against which the tax credits can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits. In determining the timing and level of future taxable profits, the Group assessed the probability of expected future cash inflows based on estimated taxable profit for the next 5 years.

Details of unutilised tax losses and unused tax credits are disclosed in Note 16.

(c) Fair value of biological assets ("FFB")

Biological assets are measured at fair value less estimated costs to sell. The fair value of FFB is measured by reference to projected harvest quantities and estimated index price of FFB set by the Government of Indonesia. In determining the fair value of the FFB, the Company considers the estimated yield of the bearer plants which is dependent on the age of the oil palm tree, the location, soil type and infrastructure.

Details of assumptions used and sensitivity analysis are disclosed in Note 17.

(d) Income tax

Significant estimate and judgement are involved in determining provision for income tax. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income which requires future adjustments to tax income and expense already recorded. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected income tax issues based on estimates of whether additional income taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax in the year in which such decision is made by the taxation authority. The carrying amount of the Group's tax payables as at 31 December 2021 is IDR 296,723 million (2020: IDR 284,301 million). The details of deferred tax assets and liabilities are disclosed in Note 16.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(e) Impairment of investments in subsidiaries

The Company assess whether there are any indicators of impairment for its investments in subsidiaries at each reporting date. Investments in subsidiaries are tested for impairment when there are indicators that the carrying value of investments exceed its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal assessment is based on available market data from recent transactions of similar assets, recent acquisition prices or observable market prices less costs for disposing the asset. When using value in use, management estimates the expected future cash flows from the asset or cash-generating unit and applies a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Company's investments in subsidiaries as at 31 December 2021 is IDR 2,028,786 million (2020: IDR 2,075,776 million).

4. REVENUE

	Group	
	2021 IDR million	**2020 IDR million**
Disaggregation of revenue by major product:		
Crude Palm Oil ("CPO")	10,650,101	8,188,808
Palm Kernel ("PK")	1,598,529	912,938
Total revenue recognised at a point in time	**12,248,630**	**9,101,746**

All sales advances at the beginning of each financial year have been recognised as revenue during the financial year.

5. COST OF SALES

	Group	
	2021 IDR million	**2020 IDR million**
Cost of inventories recognised as an expense (Note 18)	5,553,244	3,547,954
Depreciation of mature bearer plants, property, plant and equipment and amortisation of land use rights (Notes 10, 11 and 12)	692,223	622,697
Plantation costs	2,211,340	2,073,988
Mill and processing costs	335,168	330,960
Total cost of sales	**8,791,975**	**6,575,599**

6. PROFIT BEFORE TAXATION

Profit before taxation is stated after (charging)/crediting the following income and expenses:

	Group	
	2021 IDR million	2020 IDR million
Interest income		
Interest income from financial assets carried at amortised cost	195,655	202,205
Selling expenses		
Freight	(277,999)	(273,798)
Loading expense	(19,463)	(21,972)
Total selling expenses	**(297,462)**	**(295,770)**
General and administrative expenses		
Audit fees:		
– Auditor of the Company	(1,515)	(1,618)
– Affiliates of auditor of the Company	(4,298)	(4,005)
– Other auditors	(235)	(216)
Non-audit fees:		
– Other consultants	(52)	(114)
Employees' benefit expense:		
– Salaries, wages and other staff related expenses	(230,242)	(179,490)
– Defined benefit plan (Note 26)	(30,057)	(23,062)
– Defined contribution plan	(421)	(450)
Transportation	(5,356)	(3,577)
Training	(28,831)	(13,722)
Depreciation of property, plant and equipment (Note 11)	(15,005)	(10,084)
Amortisation of intangible assets (Note 13)	(4,766)	(3,373)
Maintenance	(5,548)	(4,076)
Rental	(3,774)	(3,576)
Professional fees	(6,504)	(7,272)
Insurance	(3,606)	(2,535)
Security	(525)	(747)
Electricity, water and telephone	(754)	(598)
Licences and taxes	(43,066)	(45,005)
Office expenses	(10,764)	(6,498)
Others	(4,019)	(2,443)
Total general and administrative expenses	**(399,338)**	**(312,461)**
Finance cost		
Interest expense and amortisation on loans and borrowings carried at amortised cost	(160,661)	(200,970)
Less: Capitalised to bearer plants (Note 10)	7,352	22,015
Total finance cost	**(153,309)**	**(178,955)**

7. TAXATION

Major components of tax expense

	Group	
	2021 IDR million	2020 IDR million
Current income tax:		
– Current income taxation	(545,251)	(413,000)
– Underprovision in respect of previous years	(939)	(2,002)
Deferred income tax:		
– Origination and reversal of temporary differences	(124,998)	(73,844)
Withholding tax on interest income and dividend from subsidiaries	(103,022)	(79,289)
Tax expense recognised in profit or loss	**(774,210)**	**(568,135)**

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows:

	Group	
	2021 IDR million	2020 IDR million
Profit before taxation	2,863,587	1,930,540
Tax at the domestic rates applicable to profits in the countries where the Group operates	(626,391)	(423,279)
Non-deductible expenses	(41,475)	(49,792)
Deferred tax adjustment on revaluation of mature plantation	26,236	22,989
Withholding tax on interest income and dividend from subsidiaries	(103,022)	(79,289)
Underprovision in respect of previous years	(939)	(2,002)
Effect of changes in tax rate	8,496	(24,726)
Unrecognised deferred tax asset	(40,734)	(17,853)
Others	3,619	5,817
Tax expense recognised in profit or loss	**(774,210)**	**(568,135)**

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction. The corporate income tax rates applicable to the Group companies in the following countries are:

	2021	2020
Singapore	17%	17%
Indonesia	22%	22%

8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. No dilutive potential ordinary share was noted for the Company as at 31 December 2021 and 2020.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2021	**2020**
Profit for the year attributable to owners of the Company (IDR million)	1,721,367	1,126,393
Weighted average number of ordinary shares for basic earnings per share computation (No. of shares)*	1,746,621,047	1,746,621,047
Earnings per share (IDR)		
– Basic and diluted	986	645

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares in the year that the transactions arose.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 IDR million	**2020 IDR million**
Unquoted equity shares, at cost	2,099,912	2,075,776
Impairment loss	(71,126)	–
	2,028,786	2,075,776
Impairment losses		
As at 1 January	–	–
Impairment loss	(71,126)	–
As at 31 December	(71,126)	–

Impairment of PT Bumitama Energi Lestari ("BEL")

During the year, the management carried out a review on the impairment of investment in subsidiaries. As a result of the review, an impairment loss of IDR 71 billion was recorded (no impairment loss recorded for the financial year ended 31 December 2020) to write down the carrying value of IDR 122 billion to the recoverable amount, based on the fair value of net assets held by the subsidiary.

9. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Subsidiaries	Country of incorporation/ Principal place of business	Principal activities	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %
Held by the Company:				
PT Bumitama Gunajaya Agro ("BGA")[1]	Indonesia	Investment holding and business and management consultancy services	90.00	90.00
PT Bumitama Sawit Lestari ("BSL")[1]	Indonesia	Investment holding	95.00	95.00
PT Bumitama Energi Lestari ("BEL")[1]	Indonesia	Investment holding	99.77	99.77
PT Bumitama Oleo Sentosa ("BOS")[3]	Indonesia	Investment holding	95.00	95.00
Held via BGA:				
PT Karya Makmur Bahagia ("KMB")[1]	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Windu Nabatindo Lestari ("WNL")[1]	Indonesia	Oil palm plantation and mill	81.00	81.00
PT Rohul Sawit Industri ("RSI")[1]	Indonesia	Palm oil mill	81.00	81.00
PT Bumitama Gunajaya Abadi ("BG Abadi")[1]	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Windu Nabatindo Abadi ("WNA")[1]	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Masuba Citra Mandiri ("MCM")[1]	Indonesia	Oil palm plantation	85.50	85.50
PT Windu Nabatindo Sejahtera ("WNS")[3]	Indonesia	Oil palm plantation	85.50	85.50
PT Agro Manunggal Sawitindo ("AMS")[1]	Indonesia	Oil palm plantation	85.50	85.50
PT Lestari Gemilang Intisawit ("LGI")[1]	Indonesia	Oil palm plantation	81.00	81.00
PT Ladang Sawit Mas ("LSM")[1]	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Agriplus ("AGP")[2]	Indonesia	Oil palm plantation	85.50	85.50
PT Hungarindo Persada ("HPE")[3]	Indonesia	Oil palm plantation	85.50	85.50

9. INVESTMENTS IN SUBSIDIARIES (continued)

Subsidiaries	Country of incorporation/ Principal place of business	Principal activities	Proportion of ownership interest 2021 %	2020 %
Held via BSL:				
PT Tanah Tani Lestari ("TTL")[(1)]	Indonesia	Oil palm plantation	90.25	90.25
PT Nabatindo Karya Utama ("NKU")[(1)]	Indonesia	Oil palm plantation	90.25	76.00
PT Andalan Sukses Makmur ("ASMR")[(2)]	Indonesia	Oil palm plantation	90.25	90.25
PT Inti Sawit Lestari ("ISL")[(1)]	Indonesia	Investment holding and business and management consultancy services	90.25	90.25
PT Sukses Manunggal Sawitindo ("SMS")[(2)]	Indonesia	Investment holding and business and management consultancy services	90.25	90.25
PT Langgeng Makmur Sejahtera ("LMS")[(1)]	Indonesia	Oil palm plantation	90.25	90.25
PT Investa Karya Bakti ("IKB")[(3)]	Indonesia	Oil palm plantation	90.25	90.25
PT Gemilang Makmur Subur ("GMS")[(2)]	Indonesia	Oil palm plantation	90.25	90.25
PT Sejahtera Sawit Lestari ("SSL")[(2)]	Indonesia	Oil palm plantation	90.25	90.25
PT Fajar Bumi Nabati ("FBI")[(3)]	Indonesia	Oil palm plantation	90.25	90.25
PT Gemilang Subur Maju ("GSM")[(3)]	Indonesia	Oil palm plantation	90.25	90.25
PT Damai Agro Sejahtera ("DAS")[(2)]	Indonesia	Oil palm plantation	90.25	90.25
Held via KMB:				
PT Hatiprima Agro ("HPA")[(3)]	Indonesia	Oil palm plantation	85.73	85.73
Held via AMS:				
PT Gunajaya Karya Gemilang ("GKG")[(1)]	Indonesia	Oil palm plantation and mill	81.24	81.24
PT Gunajaya Ketapang Sentosa ("GKS")[(1)]	Indonesia	Oil palm plantation	81.24	81.24
PT Karya Bakti Agro Sejahtera ("KBAS")[(1)]	Indonesia	Oil palm plantation and mill	81.24	81.24

9. INVESTMENTS IN SUBSIDIARIES (continued)

Subsidiaries	Country of incorporation/ Principal place of business	Principal activities	Proportion of ownership interest 2021 %	2020 %
Held via LGI:				
PT Agro Sejahtera Manunggal ("ASM")[(1)]	Indonesia	Oil palm plantation and mill	78.25	78.25
PT Karya Makmur Langgeng ("KML")[(1)]	Indonesia	Oil palm plantation	78.25	78.25
PT Nabati Agro Subur ("NAS")[(3)]	Indonesia	Oil palm plantation	76.95	76.95
Held via BEL:				
PT Energi Baharu Lestari ("EBL")[(1)]	Indonesia	Trading in edible oils and its related products	99.63	99.63
Held via ISL:				
PT Sentosa Prima Agro ("SPA")[(1)]	Indonesia	Oil palm plantation and mill	85.74	85.74
PT Wahana Hijau Indah ("WHI")[(1)]	Indonesia	Oil palm plantation	85.74	85.74
PT Raya Sawit Manunggal ("RSM")[(1)]	Indonesia	Oil palm plantation	85.74	85.74
Held via SMS:				
PT Gunajaya Harapan Lestari ("GHL")[(2)]	Indonesia	Oil palm plantation	85.74	85.74

(1) Audited by member firm of Ernst & Young Global in Indonesia
(2) Audited by KAP Anwar & Rekan
(3) Not required to be audited by law in its country of incorporation

9. INVESTMENTS IN SUBSIDIARIES (continued)

(a) *Interest in subsidiaries with material non-controlling interest ("NCI")*

The Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period IDR million	Accumulated NCI at the end of reporting period IDR million	Dividends paid to NCI IDR million
31 December 2021:					
BGA	Indonesia	10%	348,297	1,626,354	163,500
31 December 2020:					
BGA	Indonesia	10%	231,949	1,442,244	131,227

(b) *Summarised financial information about subsidiary with material NCI*

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary with material NCI are as follows:

Summarised balance sheet

	BGA	
	2021 IDR million	**2020 IDR million**
Current		
Assets	1,487,743	1,912,675
Liabilities	(1,485,141)	(2,212,218)
Net current assets/(liabilities)	2,602	(299,543)
Non-current		
Assets	16,291,802	16,233,870
Liabilities	(5,891,343)	(6,615,615)
Net non-current assets	10,400,459	9,618,255
Net assets	**10,403,061**	**9,318,712**

9. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Summarised financial information about subsidiary with material NCI (continued)

Summarised statement of comprehensive income

	BGA	
	2021 IDR million	**2020 IDR million**
Revenue	11,695,438	8,699,420
Profit before taxation	2,630,137	1,905,541
Income tax expense	(571,207)	(466,092)
Profit after taxation	2,058,930	1,439,449
Other comprehensive income	(4,892)	(7,247)
Total comprehensive income	**2,054,038**	**1,432,202**

Other summarised information

	BGA	
	2021 IDR million	**2020 IDR million**
Net cash flows from operations	2,460,182	2,476,758
Acquisition of significant property, plant and equipment	636,554	475,824

(c) Acquisition of non-controlling interests without a change in control

In 2021, the Group increased its equity interest in NKU by acquiring its shares from NCI for total consideration of IDR 7,500 million. Accordingly, the Group's equity interest increased to 90.25%.

	IDR million
Consideration paid for acquisition of NCI	(7,500)
Carrying value	23,083
Increase in equity attributable to owners of the Company	**15,583**

The increase in equity attributable to owners of the Company had been recognised as "Discount received on acquisition of non-controlling interest" (Note 29) within equity.

(d) Decrease in ownership interest in subsidiaries without a change in control

In 2020, the Group's NCI increased its equity interest in its subsidiaries, KBAS, KML, GKG, GKS and ASM, by subscribing the entire additional shares issued by the aforementioned subsidiaries through cash payment totalling to IDR 54,526 million. As a result, the Group's equity interests in these subsidiaries have decreased accordingly.

The following summarises the effect of changes in the Group's ownership interest in KBAS, KML, GKG, GKS and ASM on the equity attributable to owners of the Company:

	IDR million
Consideration paid for acquisition by NCI	54,526
Increase in equity attributable to NCI	(64,021)
Decrease in equity attributable to owners of the Company	**(9,495)**

The decrease in equity attributable to owners of the Company had been recognised as "Discount provided to non-controlling interest" (Note 29) within equity.

10. BEARER PLANTS

Bearer plants are classified into mature plantations, immature plantations and nurseries.

	Group	
	2021 **IDR million**	**2020** **IDR million**
Mature plantations		
Cost		
At 1 January	8,432,227	7,806,120
Reclassification from immature plantations	881,296	615,826
Reclassification from plasma receivables (Note 14)	–	10,281
At 31 December	**9,313,523**	**8,432,227**
Accumulated depreciation		
At 1 January	1,974,321	1,623,985
Charge for the year (Note 5)	397,268	350,336
At 31 December	**2,371,589**	**1,974,321**
Net carrying amount	**6,941,934**	**6,457,906**
Immature plantations		
Cost		
At 1 January	1,253,989	1,341,273
Development costs	425,232	537,422
Reclassification from land use rights (Note 12)	–	10,103
Reclassification from nurseries	726	2,279
	1,679,947	1,891,077
Reclassification to mature plantations	(881,296)	(615,826)
Reclassification to plasma receivables (Note 14)	–	(21,262)
At 31 December	**798,651**	**1,253,989**
Nurseries		
Cost		
At 1 January	13,547	13,885
Development costs	29,054	5,348
Deduction	(11,483)	(3,407)
	31,118	15,826
Reclassification to immature plantations	(726)	(2,279)
At 31 December	**30,392**	**13,547**
Total carrying amount	**7,770,977**	**7,725,442**

Depreciation of property, plant and equipment capitalised to immature plantations for the financial year ended 31 December 2021 amounted to IDR 3,135 million (2020: IDR 5,145 million) (Note 11).

Borrowing costs capitalised to immature plantations for the financial year ended 31 December 2021 amounted to IDR 7,352 million (2020: IDR 22,015 million) (Note 6).

The cash outflow on additions in bearer plants amounted to IDR 384,362 million (2020: IDR 381,092 million).

Total nucleus planted area for the year ended 31 December 2021 accounted for approximately 133 thousand hectares (2020: 133 thousand hectares).

11. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings IDR million	Renovation IDR million	Infrastructure IDR million	Machinery and equipment IDR million	Vehicles and heavy equipment IDR million	Furniture and fixtures IDR million	Assets under construction IDR million	Total IDR million
Cost								
At 1 January 2020	1,584,617	2,551	877,015	2,231,649	513,992	140,582	99,812	5,450,218
Additions (Note 21(c))	5,673	–	2,776	74,592	66,662	25,951	430,523	606,177
Disposals	(512)	–	–	(1,537)	(9,919)	–	(12,208)	(24,176)
Reclassifications	91,483	–	53,155	46,508	1,531	6,757	(199,434)	–
At 31 December 2020 and 1 January 2021	1,681,261	2,551	932,946	2,351,212	572,266	173,290	318,693	6,032,219
Additions (Note 21(c))	77,092	–	39,669	118,433	113,853	24,806	340,785	714,638
Disposals	(15,909)	–	(1,172)	(55,182)	(22,440)	(1,085)	(4,752)	(100,540)
Reclassifications	75,833	–	41,853	96,816	1,550	873	(216,925)	–
At 31 December 2021	1,818,277	2,551	1,013,296	2,511,279	665,229	197,884	437,801	6,646,317
Accumulated depreciation and impairment								
At 1 January 2020	562,119	2,551	223,935	634,159	378,982	122,668	–	1,924,414
Charge for the year	81,259	–	50,558	121,471	36,491	8,607	–	298,386
Disposals	(259)	–	–	(783)	(2,835)	–	–	(3,877)
Impairment	–	–	–	82	–	–	–	82
At 31 December 2020 and 1 January 2021	643,119	2,551	274,493	754,929	412,638	131,275	–	2,219,005
Charge for the year	88,714	–	48,440	129,865	49,952	13,446	–	330,417
Disposals	(10,037)	–	(390)	(17,903)	(20,793)	(1,076)	–	(50,199)
Impairment	–	–	9	10	–	–	–	19
At 31 December 2021	721,796	2,551	322,552	866,901	441,797	143,645	–	2,499,242
Net carrying amount								
At 31 December 2020	1,038,142	–	658,453	1,596,283	159,628	42,015	318,693	3,813,214
At 31 December 2021	1,096,481	–	690,744	1,644,378	223,432	54,239	437,801	4,147,075

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Renovation IDR million	Furniture and fixtures IDR million	Vehicles and heavy equipment IDR million	Total IDR million
Cost				
At 1 January and 31 December 2020	2,551	260	4,468	7,279
Additions	–	50	–	50
At 31 December 2021	2,551	310	4,468	7,329
Accumulated depreciation				
At 1 January 2020	2,551	258	1,315	4,124
Charge for the year	–	2	903	905
At 31 December 2020 and 1 January 2021	2,551	260	2,218	5,029
Charge for the year	–	3	887	890
At 31 December 2021	2,551	263	3,105	5,919
Net carrying amount				
At 31 December 2020	**–**	**–**	**2,250**	**2,250**
At 31 December 2021	**–**	**47**	**1,363**	**1,410**

Impairment of assets

An impairment loss of IDR 19 million (2020: IDR 82 million) represents the write-down of a set of machinery and equipment to its recoverable amount was recognised in "Other expenses" line item of profit or loss in the current financial year.

Depreciation

Depreciation of property, plant and equipment was charged and allocated as follows:

	Group	
	2021 IDR million	**2020 IDR million**
Cost of sales (Note 5)	278,578	255,984
General and administrative expenses (Note 6)	15,005	10,084
Immature plantations (Note 10)	3,135	5,145
Plasma receivables	24,087	21,485
Other expenses	9,612	5,688
Total depreciation	**330,417**	**298,386**

12. LAND USE RIGHTS

	Group	
	2021 IDR million	2020 IDR million
Cost		
At 1 January	1,049,776	1,012,624
Additions	34,302	47,255
Reclassification to immature plantation (Note 10)	–	(10,103)
At 31 December	1,084,078	1,049,776
Accumulated amortisation		
At 1 January	77,923	58,526
Amortisation for the year	19,398	19,397
At 31 December	97,321	77,923
Net carrying amount	**986,757**	**971,853**
Amounts to be amortised:		
– Not later than one year	19,398	19,398
– Later than one year but not later than five years	77,588	77,588
– Later than five years	889,771	874,867
	986,757	**971,853**

Land use rights represent the cost of land use rights owned by the Group and cost associated with the legal transfer or renewal for titles of land use rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. Land use rights are amortised on a straight-line basis over their terms of 20 to 35 years. The terms can be extended up to a period of 35 years from the initial recognition subject to agreement with the Government of Indonesia.

As at 31 December 2021, the land use rights have remaining tenure ranging from 9 years to 30 years (2020: 10 years to 31 years years).

During the financial year, amortisation of land use rights allocated to cost of sales and other expenses amounts to IDR 16,377 million (2020: IDR 16,377 million) and IDR 3,021 million (2020: IDR 3,020 million), respectively.

The cash outflow on additions in land use rights amounted to IDR 34,302 million (2020: IDR 35,050 million).

13. INTANGIBLE ASSETS

Group	Goodwill IDR million	Software IDR million	Total IDR million
Cost			
At 1 January 2020	174,464	35,910	210,374
Additions	–	8,031	8,031
At 31 December 2020 and 1 January 2021	174,464	43,941	218,405
Additions	–	7,598	7,598
At 31 December 2021	174,464	51,539	226,003
Accumulated amortisation and impairment losses			
At 1 January 2020	6,563	25,863	32,426
Amortisation for the year (Note 6)	–	3,373	3,373
At 31 December 2020 and 1 January 2021	6,563	29,236	35,799
Amortisation for the year (Note 6)	–	4,766	4,766
At 31 December 2021	6,563	34,002	40,565
Net carrying amount			
At 31 December 2020	**167,901**	**14,705**	**182,606**
At 31 December 2021	**167,901**	**17,537**	**185,438**

Goodwill

Impairment testing of goodwill

Goodwill arising from business combinations is allocated to the individual cash-generating units ("CGU") for the purpose of impairment testing. The CGUs relating to the goodwill as at 31 December are as follows:

	Group	
	2021 IDR million	2020 IDR million
Carrying values:		
– KMB	22,885	22,885
– LGI	48,809	48,809
– NKU	96,207	96,207
	167,901	**167,901**

The recoverable amounts of the CGUs have been determined based on fair value less cost of disposal ("FVLCOD") calculations using cash flow projections from financial budgets approved by Board of Directors. The calculations were based on the following key assumptions:

	2021	2020
Discount rate	11.63%	11.39% – 11.49%
Inflation rate	2.9% – 3.4%	2.1% – 2.9%
Projected CPO price (IDR/Kg)	10,789 – 11,146	8,178 – 8,711

The FVLCOD calculations applied a discounted cash flow model using cash flow projections and projected CPO price of IDR 10,789 – IDR 11,146 (2020: of IDR 8,178 – IDR 8,711) per kg. The cash flows calculated is based on a professional valuer's judgement with reference to monetary policy report published by Bank Indonesia, International Monetary Fund data and World Economic Outlook database.

13. INTANGIBLE ASSETS (continued)

Key assumptions used in FVLCOD calculations

The calculations of FVLCOD are most sensitive to the following assumptions:

Discount rate – The discount rate applied to the cash flow projection is post-tax derived from the weighted average cost of capital of the oil palm plantation sectors on the assumption that funds are available at the prevailing rates and will continue to be available throughout the forecast period.

Inflation rate – The inflation rate is based on the International Monetary Fund data.

Projected CPO price – The CPO price was based on the international market price retrieved from Economist Intelligence Unit, World Bank and local market price retrieved from Badan Pengawas Perdagangan Berjangka Komoditi (“Bappebti”).

Based on the above analysis, management has assessed that the goodwill is not impaired as at 31 December 2021 and 2020.

Sensitivity to changes in assumptions

Changes to the assumptions used by management to determine the recoverable amounts may have an impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amount of the goodwill of each CGU, to materially exceed their recoverable amount.

Software

Software represents the cost of software that covers all direct cost related to the acquisition and preparation of the software for its intended use which is not part of an integral part of hardware. Amortisation of software is recognised in the “General and administrative expenses” line item in the consolidated income statement.

14. PLASMA RECEIVABLES

Plasma receivables represent costs incurred for plasma plantations development which are financed by the Group and will be repaid using the investment credit given to plasma farmers by banks or reimbursed directly by the plasma farmers. Plasma receivables also include advances to plasma farmers for payments of loan installments to the banks.

The Group develops plasma plantations under the “Kredit Koperasi Primer untuk Anggota” (“KKPA”) scheme. Plasma plantations development is financed through investment credit from banks. Under the KKPA scheme, investment credit agreement is signed by plasma farmers through cooperative (Koperasi Unit Desa/KUD) acting as their representative and the Group acting as guarantors for the loan repayments.

As the guarantors for the loan repayments, the Group will deduct the plasma farmers’ sales of FFB based on bank loan installments until the plasma farmers’ loans to the bank are fully paid. The amount deducted will be paid by the Group as the plasma farmers’ loan installments to the bank. Deficits from the difference between deductions from sales of FFB with bank loan installments must be paid by the Group as guarantors for the loan repayments and are recorded as plasma receivables until reimbursed by plasma farmers.

Plasma receivables bear interest at rates determined based on negotiation between the Group and the Cooperatives.

The net cash inflows on decrease in plasma receivables amounted to IDR 296,454 million (2020: net cash outflows of IDR 110,735 million).

As of 31 December 2021, the Company has developed plasma plantations through bank partnerships covering a total area of approximately 55,189 hectares (2020: 55,101 hectares).

14. PLASMA RECEIVABLES (continued)

Details of plasma receivables are as follows:

	Group	
	2021 IDR million	2020 IDR million
As at 1 January	2,704,063	2,560,860
Collections, net of additional development cost	(442,572)	(103,117)
Financing from banks	(152,981)	(57,728)
Advances to plasma farmers	323,186	293,067
Reclassification from bearer plants (Note 10)	–	10,981
As at 31 December	**2,431,696**	**2,704,063**
Less: Current portion of plasma receivables	(153,429)	(64,496)
Non-current portion of plasma receivables	**2,278,267**	**2,639,567**

15. DUE FROM SUBSIDIARIES

	Company	
	2021 IDR million	2020 IDR million
Loans to subsidiaries	**5,684,742**	**6,467,014**

Loans to subsidiaries are non-trade, unsecured and bear interest at rates of 3.55% (2020: 3.55%) plus the one month USD London Interbank Offered Rate ("LIBOR") per annum. The loans include IDR 1,876 billion (2020: IDR 2,328 billion) that are equity in nature for which the settlement are neither planned nor likely to occur in the foreseeable future. They are, in substance, a part of the Company's net investments in the subsidiaries. These amounts are denominated in USD.

16. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2021 IDR million	2020 IDR million	2021 IDR million	2020 IDR million
Deferred tax assets:				
Property, plant and equipment	1,796	3,901	(2,105)	(5,598)
Unutilised tax losses	65,443	163,568	(98,125)	(68,898)
Bearer plants	143,396	129,199	14,197	(28,351)
Remeasurement on defined benefit plan	8,414	7,176	–	–
Gross deferred tax assets	**219,049**	**303,844**	**(86,033)**	**(102,847)**
Deferred tax liabilities:				
Property, plant and equipment	(31,525)	(24,393)	(7,132)	1,948
Bearer plants	(118,436)	(106,442)	(11,994)	11,733
Biological assets	(82,737)	(63,560)	(19,177)	3,520
Fair value adjustments on acquisition of subsidiaries	(38,227)	(37,565)	(662)	8,778
Gross deferred tax liabilities	**(270,925)**	**(231,960)**	**(38,965)**	**25,979**
Net deferred tax (liabilities)/assets	(51,876)	71,884		
Deferred tax expenses			(124,998)	(76,868)
Presented in balance sheet				
Deferred tax assets	127,015	209,491		
Deferred tax liabilities	(178,891)	(137,607)		
Net deferred tax (liabilities)/assets	(51,876)	71,884		

Unrecognised tax losses and tax credits

At the end of reporting period, the Group has unutilised tax losses and tax credits of approximately IDR 268 billion and IDR 241 billion (2020: IDR 83 billion and IDR 241 billion) respectively, that are available for offset against future taxable profits of the companies in which these arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses and tax credits are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

If the Group was able to recognise all unrecognised unutilised tax losses and tax credits, profit would increase by the same amount of the unutilised tax losses and tax credits as described above. Under Indonesian taxation laws, tax losses may be carried forward for a period of 5 years.

16. DEFERRED TAX (continued)

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2020: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately IDR 14,721,061 million (2020: IDR 13,141,332 million). The deferred tax liability is estimated to be IDR 1,472,106 million (2020: IDR 1,314,133 million).

17. BIOLOGICAL ASSETS

	Group	
	2021 IDR million	**2020 IDR million**
Biological assets	376,076	294,010

For the year ended 31 December 2021, the Group recognised fair value gain of IDR 82,066 million (2020: IDR 25,690 million).

Significant assumptions made in determining the fair values of the biological assets include the following:

	Group	
	2021	**2020**
Nucleus volume (tonnes)		
FFB	138,492	172,121
Nucleus planted area (hectares)		
Mature	126,582	120,643
Average FFB price (IDR/kg) as at 31 December	3,057	2,038

The following table shows the impact on the fair value measurement of assets that are sensitive to changes in market price that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	Increase/ (decrease)	**Changes in fair values IDR million**
2021		
Index price	+10%	42,330
	-10%	(42,330)
2020		
Index price	+10%	35,081
	-10%	(35,081)

18. INVENTORIES

	Group	
	2021 IDR million	2020 IDR million
Balance sheet:		
At lower of cost and net realisable value		
Finished goods:		
CPO	214,053	338,794
PK	38,156	41,095
	252,209	379,889
Consumables:		
Fertilisers and chemicals	277,454	210,279
Spare parts and other consumables	292,708	262,234
	570,162	472,513
Total inventories	**822,371**	**852,402**
Income statement:		
Inventories recognised as an expense in cost of sales (Note 5)	5,553,244	3,547,954

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 IDR million	2020 IDR million	2021 IDR million	2020 IDR million
Trade receivables	102,552	47,293	–	–
Other receivables	17,413	23,344	245	327
Total trade and other receivables	119,965	70,637	245	327
Due from subsidiaries (Note 15)	–	–	3,808,777	4,138,889
Due from related companies (Note 20)	50	50	–	–
Dividend receivables	–	–	–	442,315
Plasma receivables (Note 14)	2,431,696	2,704,063	–	–
Cash and short-term deposits (Note 21(a))	175,964	791,953	20,834	274,427
Total financial assets carried at amortised cost	**2,727,675**	**3,566,703**	**3,829,856**	**4,855,958**

Trade receivables

Trade receivables are non-interest bearing and are generally on less than 30 days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. They are not secured by any collateral or credit enhancement.

There is no expected credit loss provided as at the end of each reporting period.

Other receivables

Other receivables are non-trade related, non-interest bearing, unsecured, repayable upon demand and are to be settled in cash.

20. DUE FROM RELATED COMPANIES

Due from related companies are non-trade related, non-interest bearing, unsecured, repayable upon demand and are to be settled in cash. All amounts due from related companies are denominated in IDR.

21. CASH AND SHORT-TERM DEPOSITS

(a) *Cash and short-term deposits*

	Group		Company	
	2021 IDR million	2020 IDR million	2021 IDR million	2020 IDR million
Cash at bank and on hand	114,376	760,670	20,834	274,427
Time deposits	61,588	31,283	–	–
Total cash and cash equivalents	**175,964**	**791,953**	**20,834**	**274,427**

Cash at bank earns interest at floating rates based on daily bank deposit rate. Time deposits are made for varying periods of not more than three months depending on the immediate cash requirements of the Group, and earn interests ranging from 2.5% to 4.75% (2020: 2.0% to 6.75%) per annum.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021 IDR million	2020 IDR million	2021 IDR million	2020 IDR million
USD	52,987	52,363	–	–
SGD	10,787	12,914	10,787	12,914

(b) *Cash flow from operating activities*

	Group	
	2021 IDR million	2020 IDR million
Profit before taxation	2,863,587	1,930,540
Adjustments:		
Depreciation and amortisation	720,854	644,862
Finance cost	153,309	178,955
Interest income	(195,655)	(202,205)
Post employment benefits	30,057	22,842
Foreign exchange loss	62,756	82,271
Fair value changes in biological assets	(82,066)	(25,690)
Operating cash flows before working capital changes	3,552,842	2,631,575
(Increase)/decrease in trade and other receivables	(49,109)	279,721
Decrease/(increase) in inventories	30,031	(193,568)
(Increase)/decrease in prepaid taxes	(133)	55,963
Decrease in prepayment and advances	13,408	6,349
Increase in deferred charges	(480)	(519)
Decrease in trade and other payables	(187,446)	(159,146)
Decrease in accrued operating expenses	(32,418)	(101,948)
Decrease in other taxes payable	(163,692)	(127,171)
(Decrease)/increase in sales advances	(34,583)	223,832
Cash flows from operations	3,128,420	2,615,088
Income tax paid	(473,098)	(162,986)
Employee defined benefits paid	(6,235)	(6,305)
Net cash flows generated from operating activities	**2,649,087**	**2,445,797**

21. CASH AND SHORT-TERM DEPOSITS (continued)

(c) *Notes to the consolidated statement of cash flows*

During the financial year, the total net purchase of property, plant and equipment was IDR 664,278 million (2020: IDR 598,000 million) which represents total addition in property, plant and equipment of IDR 714,638 million (2020: IDR 606,177 million), net of proceeds received from disposal of property, plant and equipment.

22. LOANS AND BORROWINGS

	Maturity date	Group and Company 2021 IDR million	2020 IDR million
Current:			
USD floating revolving loan facilities	January 2021	–	282,100
Non-current:			
USD floating revolving and term loan facilities	February 2022, January 2023, and March 2024	1,752,641	3,282,436
Loans and borrowings		**1,752,641**	**3,564,536**

The Company and the Group have bilateral facility agreements and term loan facility agreements with an aggregate principal amount of up to USD 295 million (2020: USD 245 million) and USD 175 million (2020: USD 175 million) respectively, with DBS Bank Ltd, OCBC Bank Ltd, Sumitomo Mitsui Banking Corporation Singapore branch, United Overseas Bank Ltd, PT Bank UOB Indonesia and Maybank Berhad Singapore branch.

As at 31 December 2021, the aggregate outstanding balances of the above facilities amounted to USD 123 million (equivalent to approximately IDR 1,752,641 million) (31 December 2020: USD 253 million or equivalent to approximately IDR 3,564,536 million), of which USD 123 million (equivalent to approximately IDR 1,752,641 million) (31 December 2020: USD 233 million or equivalent to approximately IDR 3,282,436 million) of these facilities was presented as a non-current liability.

These facilities bear average floating interest rate as at reporting date of 1.62% per annum (2020: 2.26% per annum).

The revolving loan facilities is renewed for a further same term with prior written notice of its intention to extend the facility before the maturity date of the facility. For the non-current portion, the loan is repayable up to 24 months after reporting date as the Company has the discretion to exercise the rights under the facility agreements to extend the facility.

22. LOANS AND BORROWING (continued)

A reconciliation of liabilities arising from the Group's and Company's financing activities is as follows:

				Non-cash changes			
	2020 IDR million	**Cash inflows IDR million**	**Cash outflows IDR million**	**Foreign exchange IDR million**	**Amortisation of issuance costs IDR million**	**Other IDR million**	**2021 IDR million**
Loans and borrowings:							
– current	282,100	43,272	(187,872)	5,190	–	(142,690)	–
– non-current	3,282,436	509,180	(2,218,677)	35,383	1,629	142,690	1,752,641
	3,564,536	**552,452**	**(2,406,549)**	**40,573**	**1,629**	**–**	**1,752,641**
Islamic Medium Term Notes (Note 25)							
– non-current	2,443,238	–	–	(53,016)	203	–	2,390,425
	2,443,238	**–**	**–**	**(53,016)**	**203**	**–**	**2,390,425**

				Non-cash changes			
	2019 IDR million	**Cash inflows IDR million**	**Cash outflows IDR million**	**Foreign exchange IDR million**	**Amortisation of issuance costs IDR million**	**Other IDR million**	**2020 IDR million**
Loans and borrowings:							
– current	625,545	73,925	(791,305)	21,310	–	352,625	282,100
– non-current	3,720,255	711,550	(857,485)	59,480	1,261	(352,625)	3,282,436
	4,345,800	**785,475**	**(1,648,790)**	**80,790**	**1,261**	**–**	**3,564,536**
Islamic Medium Term Notes (Note 25)							
– non-current	2,376,514	–	–	66,531	193	–	2,443,238
	2,376,514	**–**	**–**	**66,531**	**193**	**–**	**2,443,238**

The "other" column relates to reclassification of current and non-current portion of loans and borrowings due to passage of time and extension of the maturity date of the facility agreements.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 IDR million	2020 IDR million	2021 IDR million	2020 IDR million
Trade payables	363,929	487,470	–	–
Other payables	47,990	111,285	117	2,158
Total trade and other payables	411,919	598,755	117	2,158
Loans and borrowings (Note 22)	1,752,641	3,564,536	1,752,641	3,564,536
Dividend payables to non-controlling interests	–	54,595	–	–
Accrued operating expenses (Note 24)	262,472	221,201	51,731	50,259
Islamic medium term notes (Note 25)	2,390,425	2,443,238	2,390,425	2,443,238
Total financial liabilities carried at amortised cost	**4,817,457**	**6,882,325**	**4,194,914**	**6,060,191**

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled within 30 to 90 days from date of invoice while other payables have an average term of 1 month.

24. ACCRUED OPERATING EXPENSES

	Group		Company	
	2021 IDR million	2020 IDR million	2021 IDR million	2020 IDR million
Accrued salaries and wages	143,842	155,106	1,297	808
Accrued interests	48,461	54,330	45,315	46,252
Professional fees	4,309	8,415	1,462	1,404
Accrued expenses	60,017	–	–	–
Others	5,843	3,350	3,657	1,795
Total accrued operating expenses	**262,472**	**221,201**	**51,731**	**50,259**

25. ISLAMIC MEDIUM TERM NOTES

On 10 January 2014, the Group and the Company were granted approval by the Securities Commission of Malaysia to establish a Ringgit-denominated Islamic Medium Term Note (“IMTN”) Programme (“Programme”) of up to MYR 2.0 billion under the laws of Malaysia.

The tenure of the Programme shall be up to fifteen years from the date of the first issuance. Under the Programme, the Group may issue IMTN from time to time in Malaysian Ringgit in various amounts and tenures of more than a year and up to a maximum tenure of fifteen years as determined by the Group and the Company, provided always that the maturity of the IMTN shall not exceed the tenure of the Programme.

The first issuance amounting to MYR 500 million was completed on 18 March 2014 with 5-year tenure and coupon of 5.25% per annum.

The second issuance amounting to MYR 500 million was completed on 2 September 2014 with 5-year tenure and coupon of 5.00% per annum.

The Company had repaid the first and second issuance on 18 March 2019 and 2 September 2019, respectively.

The third issuance amounting to MYR 300 million was completed on 22 July 2019 with 5-year tenure and coupon of 4.10% per annum.

The fourth issuance amounting to MYR 400 million was completed on 22 July 2019 with 7-year tenure and coupon of 4.20% per annum.

The IMTNs are unsecured and not listed on any stock exchange.

25. ISLAMIC MEDIUM TERM NOTES (continued)

The carrying amount of the IMTNs as at end of the reporting period is as follows:

	Maturity date	Distribution rate (per annum)	Group and Company 2021 IDR million	Group and Company 2020 IDR million
Third issuance	22 July 2024	4.10%	1,024,817	1,047,532
Fourth issuance	22 July 2026	4.20%	1,366,422	1,396,712
			2,391,239	2,444,244
Less:				
Issuance costs			1,295	1,280
Accumulated amortisation			(481)	(274)
			814	1,006
Islamic medium term notes, net			**2,390,425**	**2,443,238**

26. EMPLOYEE BENEFITS LIABILITY

Defined benefit plans

The Group recognised post-employment benefits for all its permanent employees in Indonesia pursuant to Indonesian Labor Law No. 13/2003 which were still in effect as of 31 December 2020. Effective 2 February 2021, the Group applies the Omnibus Law No. 11/2020. The Group has also set-up plan assets. The provision for post employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method.

The principal assumptions used in determining the provision for post-employment benefits are as follows:

	2021	2020
Normal Pension Age	55 years	55 years
Salary Increment Rate per annum	1.0% – 6.0%	6.0 %
Discount Rate per annum	5.3% – 7.5%	6.7% – 6.9%
Mortality Rate	Indonesia – IV	Indonesia – IV
Resignation Level per annum	4% of 18 – 30 years	2% – 4% of 18 – 44 years

The estimated liability for post-employment benefits as at balance sheet date is as follows:

	Group 2021 IDR million	Group 2020 IDR million
Present value of defined benefit obligation	158,919	145,161
Fair value of plan assets	(28,413)	(44,081)
Restriction on asset recognised	34	12
Net liability arising from defined benefit obligation	**130,540**	**101,092**

26. EMPLOYEE BENEFITS LIABILITY (continued)

Defined benefit plans (continued)

Remeasurement on defined benefit plans recognised in other comprehensive income are as follows:

	Group	
	2021 IDR million	2020 IDR million
Actuarial loss arising from changes in financial assumptions	5,627	13,746
Deferred tax effect from actuarial changes	(1,238)	(3,024)
	4,389	**10,722**

Changes in the present value of defined benefit obligations are as follows:

	Group	
	2021 IDR million	2020 IDR million
As at 1 January	145,161	124,599
Interest cost	9,955	9,667
Current service cost	50,153	17,748
Actuarial loss arising from changes in assumptions	1,655	11,647
Past service cost	(26,705)	494
Benefits paid	(21,300)	(18,994)
As at 31 December	**158,919**	**145,161**

Changes in the fair value of plan assets are as follows:

	Group	
	2021 IDR million	2020 IDR million
As at 1 January	44,081	55,444
Expected return on plan assets	3,346	4,847
Contribution during the year	6,000	5,928
Benefits paid	(21,065)	(18,617)
Actuarial loss on plan assets	(3,949)	(3,521)
As at 31 December	**28,413**	**44,081**

26. EMPLOYEE BENEFITS LIABILITY (continued)

Defined benefit plans (continued)

The allocation of the plan assets by each classes as at the end of the reporting period comprise the following:

	Group	
	2021	**2020**
Interest-bearing cash/bank deposits	80%	80%
Debt instruments:		
Bank Indonesia Certificates	0%	10%
Indonesia Government Bonds	20%	10%

All debt instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The following table summarises the components of net post-employment benefits expense recognised in profit or loss as follows:

	Group	
	2021 **IDR million**	**2020** **IDR million**
Current service cost	50,153	17,748
Interest cost on defined benefit obligation	9,955	9,667
Expected return on plan assets	(3,346)	(4,847)
Past service cost	(26,705)	494
Post-employment benefits expense	**30,057**	**23,062**

Post-employment benefits expense is recognised in the "General and administrative expenses" line item in the consolidated income statement.

26. EMPLOYEE BENEFITS LIABILITY (continued)

Defined benefit plans (continued)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Sensitivity analysis	
	Increase/ (decrease)	Changes in present value of defined benefit obligation IDR million
2021		
Discount rates	+1%	(13,420)
	–1%	15,659
Salary increment rate per annum	+1%	14,911
	–1%	(13,030)
2020		
Discount rates	+1%	(15,098)
	–1%	17,788
Salary increment rate per annum	+1%	16,881
	–1%	(14,624)

The Group has no specific matching strategies between the retirement plan assets and the defined benefit obligation under the retirement plans.

The average duration of the defined benefit obligation at the end of the reporting period is 9.45 years (2020: 13.55 years).

Shown below is the maturity analysis of the undiscounted benefit payments:

	Group	
	2021 IDR million	2020 IDR million
Not later than one year	4,035	3,849
Later than one year but not later than five years	321,561	31,971
Later than five years	1,697,806	1,911,947
Total	**2,023,402**	**1,947,767**

27. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Cross currency swaps and Interest rate swaps

The Company has entered into cross currency swap agreements with financial institutions to swap its Ringgit-denominated IMTN indebtedness (Note 25) into USD liabilities. Based on the agreements, the financial institutions will swap the principal as well as the profit distribution amounts of the Company's IMTN from Malaysian Ringgit into United States Dollar. In 2020, the Company also entered into interest rate swap agreements with financial institutions to swap its floating interest rate of term loan facilities into fixed interest rate. Cash flow hedge accounting has been applied to these cross currency swap and interest rate swap agreements as they have been assessed by management to be effective hedging instruments. For the financial year ended 31 December 2021, fair value gain of IDR 14,317 million (2020: fair value loss of IDR 2,223 million) had been included in other comprehensive income in respect of these contracts.

	Group and Company			
	2021		2020	
	Contract/ Notional Amount MYR million	Assets/ (Liabilities) IDR million	Contract/ Notional Amount MYR million	Assets/ (Liabilities) IDR million
Cross currency swaps	700	(16,815)	700	72,763

	Group and Company			
	2021		2020	
	Contract/ Notional Amount USD million	Assets/ (Liabilities) IDR million	Contract/ Notional Amount USD million	Assets/ (Liabilities) IDR million
Interest rate swaps	82	10,628	100	(12,512)

28. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2021		2020	
	No. of shares	IDR million	No. of shares	IDR million
Issued and fully paid ordinary shares				
As at 1 January and 31 December	1,757,531,844	1,807,045	1,757,531,844	1,807,045

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

	Group and Company			
	2021		2020	
	No. of shares	IDR million	No. of shares	IDR million
Treasury shares as at 31 December	23,387,800	161,366	23,387,800	161,366

28. SHARE CAPITAL AND TREASURY SHARES (continued)

During the financial year, the Company did not purchase any ordinary shares (2020: 3,353,000) from the public to hold as treasury shares. Treasury shares relate to ordinary shares of the Company that is held by the Company.

29. OTHER RESERVES

Other reserves comprise:

	Group		Company	
	2021 IDR million	**2020 IDR million**	**2021 IDR million**	**2020 IDR million**
Discount received on acquisition of non-controlling interest	(200,493)	(216,076)	–	–
Fair value reserve from derivative financial assets/(liabilities)	16,958	2,641	16,958	2,641
	(183,535)	**(213,435)**	**16,958**	**2,641**

The discount received on acquisition of non-controlling interest represents the difference between the consideration paid/(received) and the carrying value of the additional/(reduction in) interest acquired/(disposed).

Fair value reserve from derivative financial assets/liabilities resulted from mark-to-market cross currency swap and interest rate swap.

30. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of companies in the Group whose functional currencies are different from that of the Group's presentation currency.

31. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services and other transactions

In addition to the related party transactions disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2021 IDR million	**2020 IDR million**
Rental to related parties	11,413	11,650

The Group has entered into office premise lease agreements with Mr. Gunardi Hariyanto Lim and Goldwood Investments Ltd for an amount of IDR 4,513 million for the year ended 31 December 2021 (2020: IDR 4,450 million).

The Group has also entered into barge lease agreement with PT Lima Srikandi Jaya, a related party, amounting to IDR 6,900 million for the year ended 31 December 2021 (2020: IDR 7,200 million).

31. RELATED PARTY TRANSACTIONS (continued)

(b) *Compensation of key management personnel*

	Group	
	2021	**2020**
	IDR million	**IDR million**
Directors' fee	3,863	3,362
Short-term employee benefits	76,175	72,506
	80,038	75,868
Comprise amounts paid/payable to:		
Directors of the Company	38,466	33,776
Other key management personnel	41,572	42,092
	80,038	75,868

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

32. CONTINGENCIES AND COMMITMENTS

(a) *Contingent liabilities*

In relation to agreements between some local banks and several cooperatives, certain subsidiaries act as guarantors of plasma credits until full settlement of the outstanding credits.

As at 31 December 2021, these credits are secured by land certificates held by the plasma farmers who participate in the plasma programme and certain subsidiaries' corporate guarantees of IDR 1,242,611 million (2020: IDR 1,412,816 million). The harvested FFB will be sold to the Group and repayment of the credit facilities are through deduction of plasma farmers' sales of FFB to the Group (Note 14).

(b) *Leases – as lessee*

The short-term leases (Note 31(a)) recognised as an expense in the Group's profit or loss for the financial year ended 31 December 2021 amounted to IDR 11,413 million (2020: IDR 11,650 million).

(c) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2021	**2020**
	IDR million	**IDR million**
Capital commitment in respect of property, plant and equipment	126,818	91,052

Capital commitments comprise amounts related to committed cost for land clearing, infrastructures and construction of employees' houses and offices.

33. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Quoted prices in active markets for identical instruments (Level 1) IDR million	Significant other observable inputs (Level 2) IDR million	Significant unobservable inputs (Level 3) IDR million	Total IDR million
2021				
Asset measured at fair value				
Non-financial assets:				
Biological assets	–	–	376,076	376,076
Financial assets:				
Derivative financial assets	–	10,628	–	10,628
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	16,815	–	16,815
2020				
Asset measured at fair value				
Non-financial assets:				
Biological assets	–	–	294,010	294,010
Financial assets:				
Derivative financial assets	–	72,763	–	72,763
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	12,512	–	12,512

33. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) *Assets and liabilities measured at fair value* (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period: (continued)

Company	Quoted prices in active markets for identical instruments (Level 1) IDR million	Significant other observable inputs (Level 2) IDR million	Significant unobservable inputs (Level 3) IDR million	Total IDR million
2021				
Assets measured at fair value				
Financial assets:				
Derivative financial assets	–	10,628	–	10,628
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	16,815	–	16,815
2020				
Assets measured at fair value				
Financial assets:				
Derivative financial assets	–	72,763	–	72,763
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	12,512	–	12,512

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivative financial assets/liabilities

Cross currency swap contracts and interest rate swaps are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

33. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(d) Level 3 fair value measurements

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value IDR million	Valuation techniques	Unobservable inputs	Value
2021				
Recurring fair value measurements				
Biological assets	376,076	Income approach	Projected harvest quantities	138,492 Tonnes
			Average market price of FFB as at 31 December	3,057 IDR/kg
2020				
Recurring fair value measurements				
Biological assets	294,010	Income approach	Projected harvest quantities	172,121 Tonnes
			Average market price of FFB as at 31 December	2,038 IDR/kg

For biological assets, a significant increase/(decrease) in the market price of FFB and projected harvest quantities would result in a significantly higher/(lower) fair value measurement.

Movements in Level 3 assets measured at fair value

The movements in biological assets measured at fair value are disclosed in Note 17.

Valuation policies and procedures

To determine the fair value of biological assets, the corporate finance team obtained the projected harvest quantities and the market price of the FFB from the physical census reports and from the publicly available index price set by the local government, net of estimated cost to sell.

Significant changes in fair value measurements from period to period are evaluated by the corporate finance team for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

33. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(e) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the assets and liabilities not measured at fair value but for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using				
Group and Company	**Quoted prices in active market for identical instruments (Level 1) IDR million**	**Significant other observable inputs (Level 2) IDR million**	**Significant unobservable inputs (Level 3) IDR million**	**Total IDR million**	**Carrying amount IDR million**
2021					
Liabilities					
Islamic medium term notes	–	2,426,978	–	2,426,978	2,390,425
2020					
Liabilities					
Islamic medium term notes	–	2,549,422	–	2,549,422	2,443,238

Determination of fair value of Islamic medium term notes

The fair value as disclosed in the table above is estimated by reference to the latest transacted prices at the end of the reporting period.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, market risk (including foreign currency risk and commodity price risk), credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks and provides independent oversight to the effectiveness of the risk management process. It is, and has been, throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and Company's exposure to interest rate risk arises primarily from time deposits and loans and borrowings, which bear interest at floating rates.

The Group's and Company's policy is to manage interest cost by switching to lower rate of loans and borrowings whenever the opportunity arises.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) *Interest rate risk* (continued)

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 2% (2020: 2%) lower/higher with all other variables held constant, the Group's profit before taxation would have been IDR 199 million (2020: IDR 1,176 million) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

Cash flow hedges

The Group manages its interest rate risk arising from its term loan facilities by entering into interest rate swaps to swap from floating interest rates to fixed interest rates.

The terms (notional amount and timing) of the interest rate swaps have been negotiated to match the terms of the term loan facilities. The hedge ratio (the ratio between the notional amount of the interest rate swaps to the amount of the term loan facilities being hedged) is determined to be 1:1. Accordingly, the hedges are assessed to be highly effective.

There were no expected sources of ineffectiveness on the Group's hedges as the critical terms of the derivatives match exactly with the term of the hedged item.

The effects of applying hedge accounting for its interest rate swaps on the Group's balance sheet and profit or loss are as follows:

Cash flow hedge **Hedged item**	**2021** **USD floating rate term loan facilities**
Line item in the balance sheet that includes the hedged item	Non-current loans and borrowings
Carrying amount of hedged item	IDR 1,168,453 million
Balances in the cash flow hedge reserve	IDR 10,628 million
Hedging instrument	Receive variable/pay fixed interest rate swap
Line item in the balance sheet that includes the hedging instrument	Derivative financial assets
Maturity dates	13 March 2024 and 28 March 2024
Notional amount	USD 82 million
Hedging gains for the period recognised in OCI	IDR 23,140 million
Weighted average hedged rate at maturity date	2.0625

Cash flow hedge **Hedged item**	**2020** **USD floating rate term loan facilities**
Line item in the balance sheet that includes the hedged item	Non-current loans and borrowings
Carrying amount of hedged item	IDR 1,408,517 million
Balances in the cash flow hedge reserve	IDR (12,512 million)
Hedging instrument	Receive variable/pay fixed interest rate swap
Line item in the balance sheet that includes the hedging instrument	Derivative financial liabilities
Maturity dates	13 March 2024 and 28 March 2024
Notional amount	USD 100 million
Hedging loss for the period recognised in OCI	IDR 12,512 million
Weighted average hedged rate at maturity date	2.0625

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currency of the Group's entities, Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Singapore Dollars ("SGD"). The Group does not consider foreign exchange risk from SGD to be significant to the Group.

As at 31 December 2021, the Group's costs denominated in foreign currencies amounted to approximately 0.03% (2020: 0.50%).

The Group is exposed to currency translation risk arising from its financial assets and liabilities including its IMTN that are denominated in currencies other than the respective functional currencies of the companies in the Group.

It is the Group's policy not to enter into forward currency contracts until a firm commitment is in place. The Group's policy is to negotiate the terms of the forward currency contracts to match the terms of the firm commitment to maximise hedge effectiveness. As at the respective balance sheet date, the Group did not enter into any forward currency contracts to hedge its foreign currency exposures for sales and purchases.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's increase/(decrease) in profit before taxation to a reasonably possible change in the USD exchange rates against the respective functional currencies of the companies in the Group, with all other variables held constant.

	Group	
	2021 Profit before taxation IDR million	**2020 Profit before taxation IDR million**
IDR/USD		
– Strengthened by 5%	2,649	2,618
– Weakened by 5%	(2,649)	(2,618)

Cash flow hedges

The Group manages its foreign currency risk arising from its expected redemption of Ringgit-denominated IMTN by entering into cross currency swap to swap into USD liabilities.

The terms (notional amount and timing) of the cross currency swaps have been negotiated to match the terms of the IMTN. The hedge ratio (the ratio between the notional amount of the cross currency swaps to the amount of the IMTN being hedged) is determined to be 1:1. Accordingly, the hedges are assessed to be highly effective.

There were no expected sources of ineffectiveness on the Group's hedges as the critical terms of the derivatives match exactly with the terms of the hedged item.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

Cash flow hedges (continued)

The effects of applying hedge accounting for expected future redemption of Ringgit-denominated IMTN on the Group's balance sheet and profit or loss are as follows:

Cash flow hedge **Hedged item**	**2021** **Islamic Medium Term Notes**
Carrying amount of hedged item	IDR 2,390,425 million
Balances in the cash flow hedge reserve	IDR 6,330 million
Hedging instrument	Cross currency swap contracts
Line item in the balance sheet that includes the hedging instrument	Derivative financial liabilities
Maturity dates	22 July 2024 and 22 July 2026
Notional amount	MYR 700 million
Hedging loss for the period recognised in OCI	IDR 8,823 million
Weighted average hedged MYR/USD rate at maturity date	4.1370

Cash flow hedge **Hedged item**	**2020** **Islamic Medium Term Notes**
Carrying amount of hedged item	IDR 2,443,238 million
Balances in the cash flow hedge reserve	IDR 15,153 million
Hedging instrument	Cross currency swap contracts
Line item in the balance sheet that includes the hedging instrument	Derivative financial assets
Maturity dates	22 July 2024 and 22 July 2026
Notional amount	MYR 700 million
Hedging gains for the period recognised in OCI	IDR 10,289 million
Weighted average hedged MYR/USD rate at maturity date	4.1370

(c) Commodity price risk

The Group's exposure to commodity price risk arises primarily from its purchases of raw materials and sales of palm based products. Prices of raw materials and palm based products may fluctuate significantly depending on the market situation and factors such as weather, government policy, level of demand and supply in the market and the global economic environment. During periods of unfavourable price volatility, the Group may enter into forward physical contracts with the suppliers and customers or use commodity futures, options and swap contracts in the conduct of business to manage the price risk.

Sensitivity analysis for commodity price risk

During the reporting period, had the average selling prices of palm based products been 10% higher/lower, ceteris paribus, profit before taxation for the financial year ended 31 December 2021 would have been IDR 1,224,863 million (2020: IDR 910,175 million) higher/lower.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group only trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group conducts business by the requirement of payment in advance, cash on delivery terms or may grant customers credit terms, where appropriate.

For other financial assets (including cash and short-term deposits), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- credit rating of the counterparty;
- significant actual or expected adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- significant increases in credit risk on other financial instruments of the counterparty; and
- significant changes in the actual or expected performance of the counterparty, including changes in the payment status and changes in the operating results of the counterparty.

The Group determined that its financial assets are credit-impaired when:

- there is significant difficulty of the issuer or the counterparty;
- there is a breach of contract, such as a default or past due event;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; and
- there is a disappearance of an active market for that financial asset because of financial difficulty.

Regardless of the above, the Group provides ECL on its financial assets by applying the default risk rating of the counterparties based on external benchmarks. As the Group's exposure to creditors is monitored on an ongoing basis, the Group has determined that the ECL on trade and other receivables (including plasma receivables) is insignificant.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets; and
- The nominal amount of financial guarantees provided by the Group for repayment of plasma farmers' loans to the banks (Note 32).

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) *Credit risk* (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring individual customers' outstanding balances on an ongoing basis.

As at 31 December 2021, approximately 98.2% (2020: 98.5%) of the Group's trade receivables were due from 3 major customers in 2021 (2020: 3 major customers) who are multi-industry conglomerates.

The Group's customers are concentrated in Indonesia.

Information on major customers

Revenues from 2 major customers (2020: 2 major customers) contribute approximately 80.4% (2020: 84.0%) of the Group's total revenues for the year ended 31 December 2021.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

(e) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

As at 31 December 2021, approximately Nil (2020: 4.7%) of the Group's and Company's total debt, comprising loans and borrowings (Note 22) and IMTN (Note 25), will mature in less than one year based on the carrying amounts reflected in the financial statements.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The following table summarises the Group's and the Company's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Group				
2021				
Financial assets:				
Derivative financial assets:				
– Cross currency swaps (gross receipts)	99,992	2,661,929	–	2,761,921
– Cross currency swaps (gross payments)	(73,546)	(2,614,023)	–	(2,687,569)
Trade and other receivables	119,965	–	–	119,965
Due from related companies	50	–	–	50
Plasma receivables	153,429	2,278,267	–	2,431,696
Cash and short-term deposits	175,964	–	–	175,964
Total undiscounted financial assets	475,854	2,326,173	–	2,802,027
Financial liabilities:				
Derivative financial liabilities:				
– Interest rate swaps (gross receipts)	19,906	23,987	–	43,893
– Interest rate swaps (gross payments)	(24,136)	(29,084)	–	(53,220)
Loans and borrowings	30,752	1,789,696	–	1,820,448
Islamic medium term notes	99,409	2,661,019	–	2,760,428
Trade and other payables	411,919	–	–	411,919
Accrued operating expenses	262,472	–	–	262,472
Total undiscounted financial liabilities	800,322	4,445,618	–	5,245,940
Total net undiscounted financial liabilities	**(324,468)**	**(2,119,445)**	**–**	**(2,443,913)**

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Group				
2020				
Financial assets:				
Derivative financial assets:				
– Cross currency swaps (gross receipts)	102,207	1,393,770	1,429,336	2,925,313
– Cross currency swaps (gross payments)	(72,701)	(1,269,527)	(1,387,153)	(2,729,381)
Trade and other receivables	70,637	–	–	70,637
Due from related companies	50	–	–	50
Plasma receivables	64,496	2,639,567	–	2,704,063
Cash and short-term deposits	791,953	–	–	791,953
Total undiscounted financial assets	956,642	2,763,810	42,183	3,762,635
Financial liabilities:				
Derivative financial liabilities:				
– Interest rate swaps (gross receipts)	24,597	54,215	–	78,812
– Interest rate swaps (gross payments)	(29,092)	(64,121)	–	(93,213)
Loans and borrowings	336,496	3,383,928	–	3,720,424
Islamic medium term notes	101,611	1,392,242	1,429,336	2,923,189
Dividend payable to non-controlling interests	54,595	–	–	54,595
Trade and other payables	598,755	–	–	598,755
Accrued operating expenses	221,201	–	–	221,201
Total undiscounted financial liabilities	1,308,163	4,766,264	1,429,336	7,503,763
Total net undiscounted financial liabilities	**(351,521)**	**(2,002,454)**	**(1,387,153)**	**(3,741,128)**

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Company				
2021				
Financial assets:				
Due from subsidiaries	149,078	3,937,077	–	4,086,155
Derivative financial assets				
– Cross currency swaps (gross receipts)	99,992	2,661,929	–	2,761,921
– Cross currency swaps (gross payments)	(73,546)	(2,614,023)	–	(2,687,569)
Cash and short-term deposits	20,834	–	–	20,834
Total undiscounted financial assets	196,358	3,984,983	–	4,181,341
Financial liabilities:				
Derivative financial liabilities:				
– Interest rate swaps (gross receipts)	19,906	23,987	–	43,893
– Interest rate swaps (gross payments)	(24,136)	(29,084)	–	(53,220)
Trade and other payables	117	–	–	117
Loans and borrowings	30,752	1,789,696	–	1,820,448
Islamic medium term notes	99,409	2,661,019	–	2,760,428
Accrued operating expenses	51,731	–	–	51,731
Total undiscounted financial liabilities	177,779	4,445,618	–	4,623,397
Total net undiscounted financial assets/(liabilities)	**18,579**	**(460,635)**	**–**	**(442,056)**

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) *Liquidity risk* (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Company				
2020				
Financial assets:				
Due from subsidiaries	164,228	4,279,563	–	4,443,791
Derivative financial assets				
– Cross currency swaps (gross receipts)	102,207	1,393,770	1,429,336	2,925,313
– Cross currency swaps (gross payments)	(72,701)	(1,269,527)	(1,387,153)	(2,729,381)
Dividend receivables	442,315	–	–	442,315
Cash and short-term deposits	274,427	–	–	274,427
Total undiscounted financial assets	910,476	4,403,806	42,183	5,356,465
Financial liabilities:				
Derivative financial liabilities:				
– Interest rate swaps (gross receipts)	24,597	54,215	–	78,812
– Interest rate swaps (gross payments)	(29,092)	(64,121)	–	(93,213)
Trade and other payables	2,158	–	–	2,158
Loans and borrowings	336,496	3,383,928	–	3,720,424
Islamic medium term notes	101,611	1,392,242	1,429,336	2,923,189
Accrued operating expenses	50,259	–	–	50,259
Total undiscounted financial liabilities	486,029	4,766,264	1,429,336	6,681,629
Total net undiscounted financial assets/(liabilities)	**424,447**	**(362,458)**	**(1,387,153)**	**(1,325,164)**

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group's policy is to maintain the gearing ratio within the range of gearing ratios of leading companies in similar industry in order to secure access to finance at a reasonable cost. The Group includes within net debt, loans and borrowings, Islamic medium term notes, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

35. CAPITAL MANAGEMENT (continued)

The Group's net debt to adjusted equity ratio at the end of the financial years ended 31 December 2021 and 2020 are as follows:

	Group	
	2021 IDR million	2020 IDR million
Loans and borrowings (Note 22)	1,752,641	3,564,536
Islamic medium term notes (Note 25)	2,390,425	2,443,238
Less:		
Cash and short-term deposits (Note 21(a))	(175,964)	(791,953)
Net debt	**3,967,102**	**5,215,821**
Equity attributable to owners of the Company	**10,300,448**	**9,016,675**
Gearing ratio	**38.5%**	**57.8%**

The Group monitors its key financial ratios that form part of its obligations under its loans and borrowings and Islamic medium term notes covenants to ensure compliance with them.

36. DIVIDENDS

	Group and Company	
	2021 IDR million	2020 IDR million
Declared and paid during the financial year:		
Dividend on ordinary shares:		
– Final exempt (one-tier) dividend for 2020: SGD 0.02 (2019: SGD 0.005) per share	378,388	91,127
– Interim tax exempt (one-tier) dividend for 2021: SGD 0.0045 (2020: SGD 0.0040) per share	82,869	75,718
	461,257	166,845

The Directors have recommended for the Company to pay a final tax-exempt dividend of SGD 0.033 per ordinary share in respect of the financial year ended 31 December 2021. The payment of the dividend will be subject to the approval by shareholders at the forthcoming Annual General Meeting.

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the years ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 25 March 2022.

Shareholders' Information

As at 10 March 2022

Class of shares	:	Ordinary Shares
Issued and fully paid-up capital (including Treasury Shares and subsidiary holdings)	:	S$255,242,545
Issued and fully paid-up capital (excluding Treasury Shares and subsidiary holdings)	:	S$239,066,772
Number of shares issued (including Treasury Shares and subsidiary holdings)	:	1,757,531,844
Number of shares issued (excluding Treasury Shares and subsidiary holdings)	:	1,734,144,044
Number/Percentage of Treasury Shares	:	23,387,800 (1.35%)
Number/Percentage of Subsidiary Holdings	:	Nil (0%)
Voting rights (excluding Treasury Shares and subsidiary holdings)	:	One vote for per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	%	No. of Shares	%
1 – 99	7	0.47	154	0.00
100-1,000	186	12.57	158,200	0.01
1,001 -10,000	681	46.01	3,981,645	0.23
10,001-1,000,000	580	39.19	38,882,568	2.24
1,000,001 and above	26	1.76	1,691,121,477	97.52
	1,480	100.00	1,734,144,044	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Citibank Nominees Singapore Pte Ltd	673,325,209	38.83
2.	Oakridge Investments Pte Ltd	535,050,070	30.85
3.	DBS Nominees Pte Ltd	167,699,805	9.67
4.	Wellpoint Pacific Holdings Ltd	130,281,157	7.51
5.	HSBC (Singapore) Nominees Pte Ltd	44,105,963	2.54
6.	Raffles Nominees (Pte) Limited	39,415,797	2.27
7.	Lynwood Capital Resources Pte Ltd	21,622,000	1.25
8.	DBSN Services Pte Ltd	10,574,734	0.61
9.	OCBC Securities Private Ltd	9,348,300	0.54
10.	UOB Kay Hian Pte Ltd	8,740,500	0.50
11.	Phillip Securities Pte Ltd	8,497,000	0.49
12.	Kong Goon Siong or Kong Goon Khing	8,000,000	0.46
13.	DBS Vickers Securities (S) Pte Ltd	5,340,100	0.31
14.	United Overseas Bank Nominees Pte Ltd	4,983,800	0.29
15.	Morgan Stanley Asia (S) Securities Pte Ltd	4,505,300	0.26
16.	iFast Financial Pte Ltd	3,542,900	0.20
17.	CGS-CIMB Securities (Singapore) Pte Ltd	2,554,042	0.15
18.	Maybank Securities Pte. Ltd.	2,177,900	0.13
19.	ABN Amro Clearing Bank N.V.	2,004,900	0.12
20.	Christine Tay Han Hui	1,827,000	0.11
	Total	1,683,596,477	97.09

Shareholders' Information

As at 10 March 2022

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Substantial Shareholders	Direct Interest Number of Shares	Direct Interest %(1)	Deemed Interest Number of Shares	Deemed Interest %(1)
Wellpoint Pacific Holdings Ltd(2)(4)	906,557,774	52.277	–	–
Lim Hariyanto Wijaya Sarwono(2)	–	–	906,557,774	52.277
Lim Gunawan Hariyanto(2)	–	–	906,557,774	52.277
Fortune Corp Limited(2)	–	–	906,557,774	52.277
Fortune Holdings Limited(2)	–	–	906,557,774	52.277
Oakridge Investments Pte Ltd(3)	535,050,070	30.854	–	–
IOI Corporation Berhad(3)	–	–	556,672,070	32.101
Progressive Holdings Sdn Bhd(3)	–	–	556,672,070	32.101
Dato' Lee Yeow Chor(3)	–	–	556,672,070	32.101
Lee Yeow Seng(3)	–	–	556,672,070	32.101

Notes:

(1) Percentages are based on the issued share capital of the Company of 1,734,144,044 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

(2) Each of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto is deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd, a wholly owned subsidiary of Fortune Holdings Limited, by virtue of his joint interest in Fortune Holdings Limited and in Fortune Corp Limited, the fund management company that manages Fortune Holdings Limited. Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto are the only directors of Fortune Corp Limited. Under the discretionary fund management mandate, Fortune Corp Limited is vested with the power to manage the voting rights of Fortune Holdings Limited. Fortune Holdings Limited is in turn deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd by virtue of its 100% shareholding interest in Wellpoint Pacific Holdings Ltd. Mr. Lim Gunawan Hariyanto, Executive Chairman and CEO of the Company, is the son of Dr. Lim Hariyanto Wijaya Sarwono.

(3) Dato' Lee Yeow Chor, a non-executive director of the Company, is presently the Group Managing Director and Chief Executive of IOI Corporation Berhad, the sole shareholder of Oleander Capital Resources Pte Ltd, Dato' Lee Yeow Chor and Lee Yeow Seng are immediate family members and are deemed to be interested in the Shares held by Oakridge Investments Pte Ltd (535,050,070 Shares) and Lynwood Capital Resources Pte Ltd (21,622,000 Shares), each a subsidiary of IOI Corporation Berhad, by virtue of their collective 100% shareholding interest in Progressive Holdings Sdn Bhd through intermediate entities.

(4) Includes 776,276,617 Shares which are held through bank nominees.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on information available and to the best knowledge of the Company, as at 10 March 2022, approximately 15.619% of the issued ordinary shares of the Company is held by the public. The Company is therefore in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BUMITAMA AGRI LTD. (the "**Company**") will be held at Sofitel Singapore City Centre, Saga Room, Level 5, 9 Wallich Street, Singapore 078885 and by way of electronic means concurrently on Friday, 22 April 2022 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final dividend of S$0.033 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2021 (2020: final dividend of S$0.02).

   (Resolution 2)

3. To re-elect the following directors of the Company retiring pursuant to Regulations 91 and 97 of the Company's Constitution:

   Mr. Lim Gunawan Hariyanto (retiring under Regulation 91) **(Resolution 3)**
   Mr. Lee Lap Wah George (retiring under Regulation 91) **(Resolution 4)**
   Mr. Witjaksana Darmosarkoro (retiring under Regulation 97) **(Resolution 5)**

   Mr. Lee Lap Wah George will, upon re-election as a director of the Company, remain as Chairman of the Conflicts Resolution & Enterprise Risk Management Committee and a member of the Audit Committee, the Governance & Nominating Committee and the Remuneration Committee. Mr. Lee Lap Wah George will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr. Witjaksana Darmosarkoro will, upon re-election as a director of the Company, remain as Chairman of the Governance & Nominating Committee and a member of the Audit Committee and the Conflicts Resolution & Enterprise Risk Management Committee. Mr. Witjaksana Darmosarkoro will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   [See Explanatory Note (i)]

4. To approve the payment of directors' fees of S$404,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears (2021: S$317,500).

   (Resolution 6)

5. To approve the payment of director's fee of S$38,750 to be paid to Mr. Witjaksana Darmosarkoro for the period from 1 July 2021 to 31 December 2021.

   [See Explanatory Note (ii)]

   (Resolution 7)

6. To re-appoint Ernst & Young LLP as the Company's auditors and to authorise the directors to fix their remuneration.

   (Resolution 8)

7. To transact any other ordinary business which may be transacted at an annual general meeting of the Company.

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH IOI CORPORATION BERHAD AND ITS ASSOCIATES

That for the purposes of Chapter 9 ("**Chapter 9**") of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"):

(a) approval be and is hereby given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST), or any of them, to enter into any of the transactions falling within the types of interested person transactions, the particulars of which are as set out in Annexure I to the Appendix dated 7 April 2022 to the Annual Report (the "**Appendix**"), with any party who is named in Annexure I to the Appendix, provided that such interested person transactions are carried out in the normal course of business, at arm's length and on normal commercial terms and in accordance with the guidelines of the Company for such interested person transactions as set out in Annexure I to the Appendix (the "**Shareholders' Mandate for IOI Transactions**");

(b) the Shareholders' Mandate for IOI Transactions shall, unless revoked or varied by the Company in a general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law or the Constitution of the Company to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures described in Annexure I to the Appendix and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and

(d) authority be given to the directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they, or each of them, may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate for IOI Transactions and/or this resolution as they may think fit.

[See Explanatory Note (iii)]

(Resolution 9)

9. SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**"), the Constitution of the Company and in accordance with Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the **"SGX-ST**"), approval be and is hereby given to the directors of the Company to issue:

(a) shares in the capital of the Company (whether by way of rights, bonus or otherwise); or

(b) convertible securities; or

(c) additional convertible securities arising from adjustments made to the exercise price or conversion price and, where appropriate, the number of convertible securities previously issued in the event of a rights issue, bonus issue or subdivision or consolidation of shares pursuant to Rule 829 of the Listing Manual of the SGX-ST; or

(d) shares arising from the conversion of convertible securities, notwithstanding that the general mandate may have ceased to be in force at the time the shares are to be issued,

at any time and upon such terms and conditions and for such purposes as the directors of the Company may in their absolute discretion deem fit provided that:

(i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, or such other limit as may be prescribed by the SGX-ST, as at the date this resolution is passed;

(ii) the aggregate number of shares and convertible securities that may be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, or such other limit as may be prescribed by the SGX-ST, as at the date this resolution is passed;

(iii) for the purpose of determining the aggregate number of shares and convertible securities that may be issued under sub-paragraphs (i) and (ii) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date this resolution is passed shall be calculated after adjusting for: (1) new shares arising from the conversion or exercise of convertible securities; (2) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (3) any subsequent bonus issue, consolidation or subdivision of the Company's shares, provided that any adjustments made under sub-paragraphs (1) and (2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting as at the date this resolution is passed; and

(iv) unless earlier revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company ("**AGM**") or the date by which the next AGM is required by law or the Constitution of the Company to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 10)

10. RENEWAL OF THE SHARE BUYBACK MANDATE

That:

(a) for the purposes of the Companies Act 1967 of Singapore (the "**Companies Act**") and the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period (as hereafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases transacted through the SGX-ST's trading system or on another stock exchange on which the issuer's equity securities are listed ("**Market Acquisitions**"); or

(ii) off-market acquisitions in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Acquisitions**"),

and otherwise in accordance with all other provisions of the Constitution of the Company, the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the "**Share Buyback Mandate**");

(b) the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company ("**AGM**") is held or is required by law or the Constitution of the Company to be held, whichever is earlier;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the shareholders of the Company in a general meeting;

(c) in this resolution:

"**Prescribed Limit**" means that number of issued Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this resolution unless: (i) the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act; or (ii) the court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be taken to be the total number of issued Shares (excluding treasury shares and subsidiary holdings) as altered;

"**Relevant Period**" means the period commencing from the date on which the AGM at which this resolution is passed is held and expiring on the date on which the next AGM is held or is required by law or the Constitution of the Company to be held, whichever is earlier, after the date of this resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Acquisition: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Acquisition pursuant to an equal access scheme: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Acquisition or, as the case may be, the day of the making of the offer pursuant to the Off-Market Acquisition, and deemed to be adjusted for any corporate action that occurs during such five-market day period and the day on which the purchases are made; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Acquisition; and

(d) any of the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[See Explanatory Note (v)]

(Resolution 11)

By Order of the Board

Chiang Wai Ming
Company Secretary

Singapore, 7 April 2022

Explanatory Notes on Resolutions to be passed:

(i) Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Mr. Lim Gunawan Hariyanto, Mr. Lee Lap Wah George and Mr. Witjaksana Darmosarkoro is set out in the Corporate Governance Report titled "Additional Information on Directors seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST" on page 54 of the Annual Report.

(ii) Shareholders of the Company had approved a payment of directors' fee of S$317,500 for the year ended 31 December 2021 at Annual General Meeting ("AGM") held on 12 April 2021. Mr. Witjaksana Darmosarkoro was appointed as an Independent Non-Executive Director of the Company on 1 July 2021, his director's fee for the period from 1 July 2021 to 31 December 2021 is tabled for shareholders' approval at this AGM.

(iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will renew the Shareholders' Mandate for IOI Transactions to authorise the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST), or any of them, to enter into any of the mandated transactions with any party who is named in Annexure I to the Appendix dated 7 April 2022 to the Annual Report, and will empower the directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate for IOI Transactions and/or Ordinary Resolution 9. Such authority will, unless previously revoked or varied by the Company in a general meeting, continue in force until the date that the next AGM is held or is required by law or the Constitution of the Company to be held, whichever is earlier. Information relating to this proposed resolution is set out in the Appendix dated 7 April 2022 to the Annual Report.

(iv) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the directors of the Company from the date of this AGM until the date of the next AGM, to allot and issue shares and convertible securities in the Company up to an aggregate amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which the aggregate number up to twenty percent (20%) may be issued other than on a pro rata basis.

(v) The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the directors of the Company from the date of this AGM until the next AGM to repurchase fully-paid ordinary shares of the Company by way of market acquisitions or off-market acquisitions of up to ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any as at that date) in the capital of the Company at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price. Information relating to this proposed resolution is set out in the Appendix dated 7 April 2022 to the Annual Report.

Notes:

1. The AGM is being convened, and will be held, physically pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 (the "**Physical Meeting**") and virtually pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Virtual Meeting**"). Printed copies of this Notice of AGM will be sent to members and will also be available on the Company's website at the URL https://bumitama-agri.com/ and SGXNet at the URL https://www.sgx.com/securities/company-announcements.

2. Information on the pre-registration procedures for attending the Physical Meeting in person and the alternative arrangements relating to attendance at the Virtual Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-feed), are set out in the important notice relating to AGM dated 7 April 2022 (the "**Important Notice**"). The Important Notice may be accessed at the Company's website at the URL https://bumitama-agri.com/ and SGXNet at the URL https://www.sgx.com/securities/company-announcements. Any reference to a time of day is made by reference to Singapore time.

3. Shareholders will be able to attend the Physical Meeting in person (up to 50 shareholders) or observe and/or listen to the AGM proceedings through a live audio-visual webcast or audio-feed via their mobile phones, tablets or computers. In order to do so, shareholders must pre-register at the Company's pre-registration website at the URL https://agm.bumitama.com/ by **19 April 2022, 10.00 a.m.** (the "**Registration Deadline**"), to enable the verification of members' status.

   Following the verification, authenticated shareholders will receive a confirmation email containing details and instructions on attending the Physical Meeting and/or on how to register and access the live audio-visual webcast or audio-feed of the AGM proceedings, by 1.00 p.m. on 20 April 2022. Shareholders who do not receive an email by 1.00 p.m. on 20 April 2022, but have registered by the Registration Deadline, should email the Company's Share Registrar, B.A.C.S Private Limited at *main@zicoholdings.com* or our Investor Relations team at *register@bumitama-agri.com* for assistance.

   Shareholders must not forward the abovementioned link to other persons who are not shareholders of the Company and who are not entitled to attend the AGM to avoid any technical disruptions or overload to the live AGM webcast and audio-feed.

4. Shareholders will be able to ask questions "live" at both the Physical Meeting and the Virtual Meeting in the manners as stipulated in the Important Notice. Shareholders may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. In order to do so, their questions must be submitted via email to our Investor Relations team at *investor.relations@bumitama-agri.com* or by post to the registered office of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903 by **14 April 2022 at 10.00 a.m.**.

   The Company will endeavour to address all substantial and relevant questions submitted prior to or during the AGM. The Company will publish the responses to the substantial and relevant questions received prior to the AGM at least 48 hours prior to the closing date and time for the lodgement of the proxy forms. The Company will also publish the minutes of the AGM and its responses to relevant and substantial questions received during the AGM on the SGXNet and the Company's website within one month from the date of AGM.

5. A shareholder (including a Relevant Intermediary*) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

6. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must specify his/her/its instructions as to voting, or abstentions from voting, for the respective resolutions in the instrument appointing the Chairman of the AGM as proxy ("**Proxy Form**"). Failing which, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. The accompanying Proxy Form for the AGM may be accessed at the Company's website and on SGXNet and the printed copies will also be sent to members.

7. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

8. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the Registered Office of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903, or

   (b) if submitted electronically, be submitted via email to the Company at *register@bumitama-agri.com*.

   in either case, by the Registration Deadline, **19 April 2022, 10.00 a.m.**, being no later than 72 hours before the time appointed for holding the AGM.

   A shareholder who wishes to submit the Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

9. Central Provident Fund Investment Scheme ("CPF") and Supplementary Retirement Scheme ("SRS") investors who wish to appoint the Chairman of the AGM as their proxy in respect of the Company's Shares should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM, by **10.00 a.m. on 12 April 2022**.

10. The Company's Annual Report FY2021 dated 7 April 2022 has been published and may be accessed at the Company's website at the URL https://bumitama-agri.com/ and SGXNet at the URL https://www.sgx.com/securities/company-announcements.

11. The Chairman of the AGM, as proxy, need not be a member of the Company.

12. Due to the evolving COVID-19 situation in Singapore, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to check the SGX website at the URL https://www.sgx.com/securities/company-announcements for the latest updates on the status of the AGM, If any.

*A Relevant intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a capital markets services license holder who provides custodial services under the Securities and Futures Act 2001 and holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By submitting an instrument appointing the Chairman of the AGM to vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) for the appointment of the Chairman of the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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IMPORTANT

1. The AGM (as defined below) is being convened, and will be held, physically pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 (the "Physical Meeting') and virtually pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Virtual Meeting").
2. Information on the pre-registration procedure for attending the Physical Meeting in person, alternative arrangements relating to attendance at the Virtual Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-feed), submission of questions, addressing of substantial and relevant questions and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM and Important Notice Relating to AGM dated 7 April 2022.
3. As a precautionary measure to minimise physical interactions and COVID-19 transmission risks, only 50 shareholders will be allowed to attend the AGM in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.
4. If a CPF or SRS investor wishes to appoint the Chairman of the AGM as proxy, he/she should approach their respective CPF Agent Banks or SRS Operators to submit his/her votes by 12 April 2022, being seven (7) working days before the date of the AGM.
5. Please read the AGM notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the AGM as a Member's proxy to vote on his/her/its behalf at the AGM.

BUMITAMA AGRI LTD.
(Incorporated in Singapore)
(Co. Reg. No: 200516741R)

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, ______________________________ NRIC/Passport/Co. Registration No. ______________________

of ____

being a *member/members of BUMITAMA AGRI LTD. (the "**Company**"), hereby appoint:

Chairman of the AGM	Proportion of Shareholdings	
	No. of Shares	%

as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Annual General Meeting (the "**AGM**") of the Company to be held at Sofitel Singapore City Centre, Saga Room, Level 5, 9 Wallich Street, Singapore 078885 and by way of electronic means concurrently on Friday, 22 April 2022 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy to vote for, against or to abstain from voting the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given in respect of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

**delete as applicable*

(Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2	Payment of a final dividend			
3	Re-election of Mr. Lim Gunawan Hariyanto as Director			
4	Re-election of Mr. Lee Lap Wah George as Director			
5	Re-election of Mr. Witjaksana Darmosarkoro as Director			
6	Approval of Directors' fees amounting to S$404,000 for the financial year ending 31 December 2022			
7	Approval of Director's fee amounting to S$38,750 for the period from 1 July 2021 to 31 December 2021			
8	Re-appointment of Ernst & Young LLP as Auditors			
9	Renewal of Shareholders' Mandate for Interested Person Transactions with IOI Corporation Berhad and its Associates			
10	Share Issue Mandate			
11	Renewal of Share Buyback Mandate			

Voting would be conducted by poll. Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing the Chairman of the AGM not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this ______________ day of __________ 2022

Total number of Shares held:

____
Signature of Shareholder(s)/
and Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

NOTES

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. As a precautionary measure to minimise physical interactions and COVID-19 transmission risks, only 50 shareholders will be allowed to attend the AGM in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member must give specific instructions as to voting, or abstentions from voting, for the respective resolutions in the instrument appointing the Chairman of the AGM as proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. Members who hold shares through relevant intermediaries, including Central Provident Fund Investment Scheme ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors, and who wish to participate in the AGM by (a) attending AGM in person or observing and/or listening to the AGM proceedings through live audio-visual webcast or audio-feed; (b) submitting questions in advance of the AGM; and/ or (c) appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks or SRS Operators) through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

   CPF and SRS investors who wish to appoint the Chairman of the AGM as their proxy in respect of the Company's shares should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 12 April 2022, being seven (7) working days before the date of the AGM.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967:

   (a) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary who provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder who provides custodial services under the Securities and Futures Act 2001 and holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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Bumitama Agri Ltd.
10 Anson Road
#11-19 International Plaza
Singapore 079903

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4. The Chairman of the AGM, as proxy, need not be a Member of the Company.

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

7. The instrument appointing the Chairman of the AGM as proxy must be deposited in the following matter:

   (a) if submitted by post, be lodged at the registered office of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903; or

   (b) if submitted electronically, be submitted via email to the Company at *register@bumitama-agri.com*

   in either case, by **19 April 2022, 10.00 a.m.**, being no later than seventy-two (72) hours before the time appointed for the AGM.

   A Member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as the proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2022.

GENERAL

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as the proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as the proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as the proxy lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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Corporate Information

BOARD OF DIRECTORS

Executive:

Lim Gunawan Hariyanto
(Executive Chairman and Chief Executive Officer)
Lim Christina Hariyanto
(Executive Director)

Non-Executive & Non-Independent:

Dato' Lee Yeow Chor

Independent:

Lim Hung Siang
(Lead Independent Director)
Lee Lap Wah George
Lawrence Lua Gek Pong
Witjaksana Darmosarkoro

AUDIT COMMITTEE

Lim Hung Siang
(Chairman)
Lee Lap Wah George
Lawrence Lua Gek Pong
Witjaksana Darmosarkoro

GOVERNANCE & NOMINATING COMMITTEE

Witjaksana Darmosarkoro
(Chairman)
Lee Lap Wah George
Lim Hung Siang
Lawrence Lua Gek Pong

REMUNERATION COMMITTEE

Lawrence Lua Gek Pong
(Chairman)
Lim Hung Siang
Lee Lap Wah George

CONFLICTS RESOLUTION & ENTERPRISE RISK MANAGEMENT COMMITTEE

Lee Lap Wah George
(Chairman)
Lawrence Lua Gek Pong
Lim Hung Siang
Witjaksana Darmosarkoro

COMPANY SECRETARY

Chiang Wai Ming, ACIS

REGISTERED OFFICE

10 Anson Road
#11-19 International Plaza
Singapore 079903
Tel: (65) 6222 1332
Fax: (65) 6222 1336
www.bumitama-agri.com

SHARE REGISTRARS

B.A.C.S. Private Limited
77 Robinson Road
#06-03
Robinson 77
Singapore 068896

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

PARTNER-IN-CHARGE

Toong Weng Sum, Vincent
(with effect from the financial year ended 2021)

INVESTOR RELATIONS

Christina Lim
clim@bumitama-agri.com
Michael Kesuma
mkesuma@bumitama-agri.com

Bumitama Agri Ltd.

Excellence Through Discipline

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