Bumitama Agri Ltd.

Excellence Through Discipline

ANNUAL REPORT 2023

CONTENTS

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 Agri Ltd. ("Bumitama" or the "Group") is one of the leading producers of crude palm oil ("CPO") and palm kernel ("PK") in Indonesia. Its core business encompasses the cultivation of oil palm, harvesting of fresh palm fruit bunches ("FFB"), and processing of FFB into CPO and PK. Founded in 1996, the Group was listed on the Singapore Exchange in 2012.

OUR "EXCELLENCE THROUGH DISCIPLINE" MOTTO

Having been in the business for nearly three decades, Bumitama has ascended to become a well-respected player in the palm oil industry. The Group has demonstrated adaptability by capitalising on emerging opportunities in the fast-paced market dynamics, and robust resilience in navigating challenges that include climate change. Purposefully attaining best-in-class agronomic practices through synergy creation amongst tens of thousands of individuals working in unity, the Group remains committed to the founding principle of excellence through discipline—a value deeply rooted and championed by the Group over the course of multiple generations.

MAINTAINING OPERATIONAL PROWESS

The Group recorded an all-time high in monthly yield in July 2023 of 2.1 Metric Tonnes ("MT") per hectare ("ha"), or 386 thousand MT of FFB harvested from its nucleus and plasma estates. Despite a year of relatively flat FFB production by most peers in the industry, Bumitama maintained its total output from both the nucleus and plasma estates at 3.72 million MT—equivalent to a CAGR of 3.3% over the past five years, as yield per mature hectarage in 2023 reached 20.6 MT per ha. This has brought production for the full year of FY2023 to 5.38 million MT of FFB, a 1% increase from FY2022, with yield per mature ha at 20.6 MT per ha.

The Group's operational prowess has safeguarded its FFB output from extreme weather disruptions throughout the past five years, keeping fluctuations minimal. With an Oil Extraction Rate ("OER") of 22.7% in 2023, CPO yield stood at 4.7 MT per ha for the year, reinforcing the Group's status as one of the leaders in productivity within the industry.

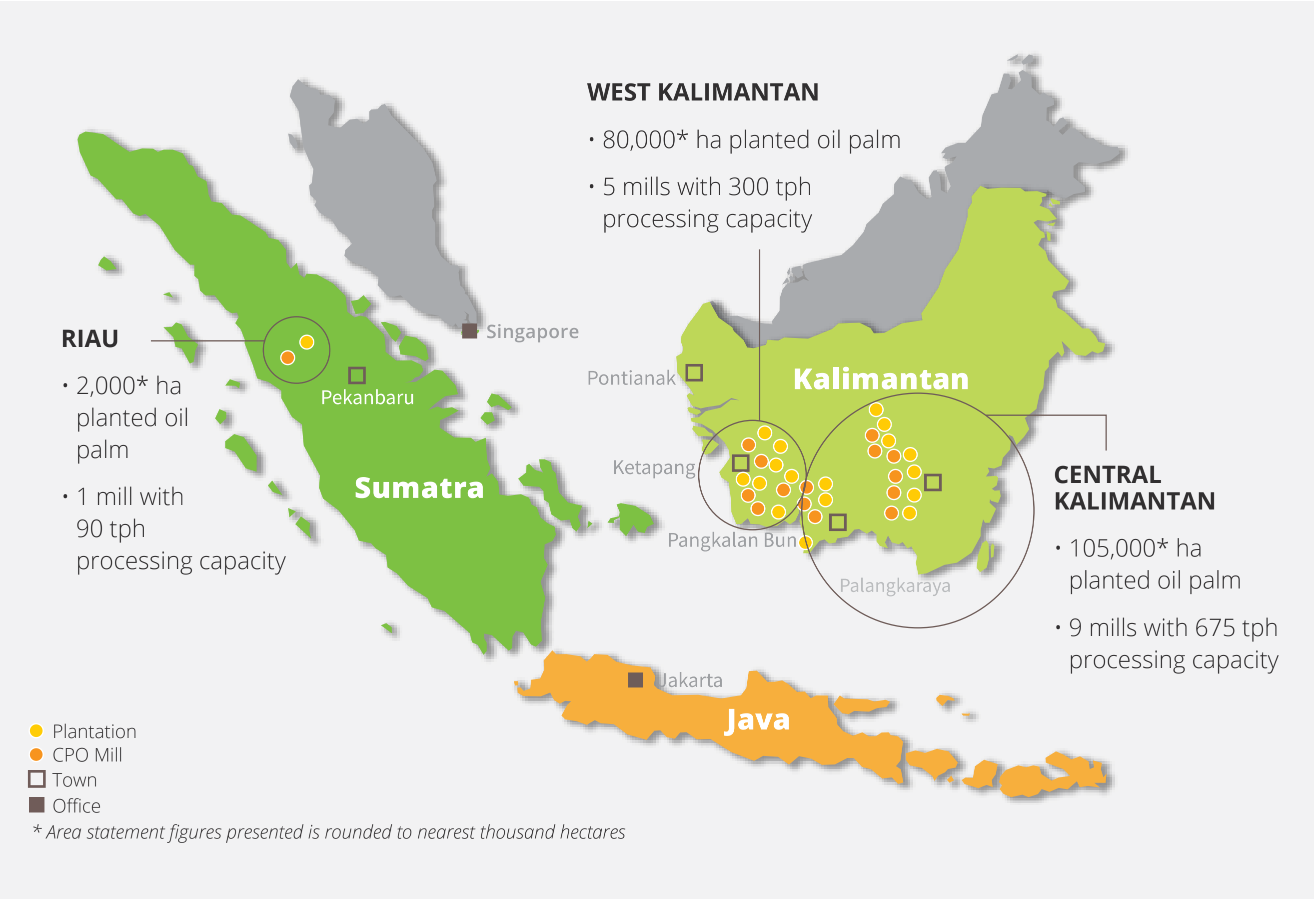
WELL-NETWORKED PLANTATIONS AND MILLS

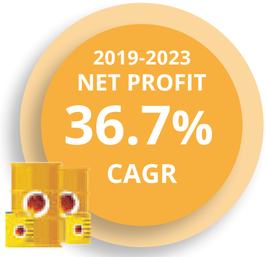
Bumitama boasts a total annual FFB processing capacity of 6.39 million MT, with its 15 palm oil mills strategically positioned close to the plantation estates. This proximity ensures prompt evacuation and processing of FFB, making Bumitama one of Indonesia's most efficient and optimal CPO producers. This approach not only reduces transportation-related fuel costs but also lessens the environmental impacts of its operations. Additionally, Bumitama sold 1.25 million MT of CPO and 252 thousand MT of PK to refineries across Indonesia.

ENDURING FINANCIAL SUPERIORITY

In a year marked by price volatility, Bumitama's consistent and meticulous financial management ensured that even as revenue eased in FY2023, both EBITDA and net profit margin attributable to owners of the Company remained robust at 30.0% and 15.9% respectively, outperforming industry averages. Within the five-year period starting 2019, revenue has doubled and net profit[1] has grown at a striking CAGR of 37.4%. Entering 2024, the Group's balance sheet has improved significantly over the years, with total liabilities making up only 19.7% of total assets, and gearing ratio brought down for the fourth consecutive year to 0.17x.

[1] *Net profit attributable to owners of the Company.*





As at the end of 2023, Bumitama maintained its Sukuk 2014/2029's AA$_2$/Stable rating from RAM Ratings. The Group also received the Centurion Club Award from The Edge Singapore, recognising the Highest Growth in Profit After Tax over a three-year period in the F&B and Retailers sector. In addition, the Group was honoured with three Most Outstanding Company in Singapore accolades, for the Overall, Small/Mid-Cap, and Consumer Staples sector categories, at the 2023 Asiamoney's Asia Outstanding Companies Poll.

RESPONSIBLE CONDUCT & EXCELLENCE IN GOVERNANCE

Bumitama places a strong emphasis on sustainability, a commitment that has been recognised in 2023 by the prestigious **AsiaMoney's Best for Environmental, Social, and Governance ("ESG") in Singapore award and RSPO Excellence Award for Conservation Leadership.** Central to this achievement are the Group's efforts to go beyond compliance, adopting international best practices that exceed the regulations, and requirements set by the SGX and the Ministry of Agriculture's Indonesian Sustainable Palm Oil ("ISPO") certification scheme. The Group's prudent and proactive business approaches, such as protecting soil and forests, promoting biodiversity, and empowering local communities, reflect its commitment to balancing profitability with ESG excellence. These initiatives have helped the Group to overcome challenges in the past, and will continue to do so in the face of future uncertainties.

RELENTLESS FOCUS ON SHAREHOLDER VALUE CREATION

Bumitama's consistent success in maintaining profitable operations through its high-yield plantations has preserved and enhanced long-term shareholder value. The Group strategically invests in various research and development initiatives, innovative technology, and effective precision agronomy practices to support its productivity and above-industry average yields. By capitalising on long-term industry fundamentals and actively engaging the investment community, Bumitama remains committed to delivering attractive returns for its shareholders.

MARKET-LEADING ADVANTAGES

As of the end of 2023, Bumitama's total planted area spanned 187,116 hectares across the Indonesian provinces of Central Kalimantan, West Kalimantan, and Riau. These locations offer a strategic geographical advantage for oil palm cultivation, attributable to favourable precipitation and the range of climate conditions. 96.7% of the planted area is either maturing, closing in towards prime age, or in peak productivity. With the weighted average age of its nucleus and smallholders plantations at 13.1 years, Bumitama is positioned for further productivity growth in the coming years.

Bumitama manages smallholder (plasma) estates spanning 56,549 hectares, constituting 30.2% of the total planted area. Since 2017, these areas have expanded at an annualised growth of 1.7%, underscoring the Group's commitment to integrating its plasma farmers and enhancing their role in oil palm cultivation. This approach not only secures a diversified and resilient supply chain but also amplifies the social outcomes, reinforcing the Group's commitment to sustainable and inclusive growth.

A STEADFAST PARTNER IN SOCIAL ENABLEMENT

Bumitama has steadfastly delivered on its commitment to palm oil sustainability, empowering community through various programmes to improve their productivity, and obtain market access and relevant certifications. Collaborating closely with plasma and independent smallholders, Bumitama employs an inclusive development model, where smallholders are integrated into the value chain to gain from knowledge transfer and fair trade practices.

Prioritising full traceability and ethical sourcing of FFB processed in the mills, Bumitama enhances product transparency while fostering a culture of accountability crucial to obtaining stakeholders' trust. By sourcing from local communities and forging strong relationships with independent smallholders, Bumitama simultaneously addresses environmental risk, upholds steady margins amidst price volatility, and protects supply continuity, particularly during low cycle periods. The balance between nucleus and plasma plantations allows the Group to navigate market challenges while upholding sustainable and responsible practices through active contribution to community development and social welfare of surrounding indigenous communities.

Furthermore, the Group's engagement with local communities, government agencies, and civil society partners through a multi-stakeholder approach amplifies its impacts, serving as a catalyst for positive social change. The Group has garnered awards for its ESG-focused initiatives, most recently being The Best CSR in Palm Oil Industry 2023 from The Iconomics Group. Such collective efforts have allowed Bumitama to set a benchmark in the palm oil industry, embodying the true spirit of partnership and sustainability.

AHEAD OF THE ENVIRONMENTAL CURVE

Bumitama's commitment to environmental stewardship is exemplified by its No Deforestation, No Peat, and No Exploitation ("NDPE") policy, establishing the Group as a leader in the ESG domain. **The Group's comprehensive Sustainability Policy, last updated in 2022, underscores the dedication to harmonising agricultural practices with environmental conservation efforts.**

At the heart of translating this policy into action are Bumitama's ecology-enhancing programmes, chief among which is the Bumitama Biodiversity and Community Project ("BBCP") in West Kalimantan. Over the last eight years, this flagship initiative has pioneered a uniquely local approach to blending environmental preservation with plantation management, improving ecosystem services and bolstering local communities' self-sufficiency. The BBCP stands as a testament of Bumitama's responsible and sustainable agribusiness model, serving as a benchmark for the industry. A special feature on page 29 outlines the project successes over the years, including its recent landmark ruling that, following years of Bumitama's tireless advocacy, officially designates the BBCP area as a protected environmental conservation zone.

CHAIRMAN'S MESSAGE

We are proposing another special dividend payment of 1.92 Singapore cents per share, in addition to a final one-tier tax exempt cash dividend of 3.63 Singapore cents per share from our profits for FY2023. Despite challenges that brought our revenue down, both EBITDA and net profit attributable to owners of the Company margin stood at respectable levels, at 30% and 16%, as we remain consistent and meticulous in both operational and financial management.

Dear Shareholders,

On behalf of the Board of Directors, I am honoured to convey to you the 2023 Annual Report of Bumitama Agri Ltd ("Bumitama" or the "Group"), a year where we found ourselves at the confluence of significant transformation and firm progress.

In 2023, amidst stubbornly high inflation rates and heightened geopolitical tensions in Europe and the Middle East, central banks worldwide continued to raise their interest rates aggressively, a move that only abated as the year was drawing to its close. In such an economic environment, the world's GDP expanded by 3.1% according to the International Monetary Fund, slightly slowing from 2022's rate. This growth was primarily driven by the resurgent US economy and a strong showing of certain emerging economies, led by India.

The palm oil industry in 2023 was affected by a multitude of global dynamics shaping the edible oils market. Market participants saw production growth that defied expectations, particularly in rapeseed and soybean oils. As the most widely used and also the most versatile of vegetable oils, palm oil was no exception. With the three-year La Niña's influence on the climate finally ending, shifting to El Niño by mid–2023, total supply of Crude Palm Oil ("CPO") worldwide saw a marginal increase from prior year's level, from 79 to 81 million Metric Tonnes ("MT"), mostly occurring in Indonesia, even with some industry players showing lower yields. Indonesia, the world's top producer of palm oil with a nearly two-thirds share, finally broke its three-year spell of declining CPO output, according to GAPKI, the country's palm oil association. Indonesia's CPO production increased by 7.15% in 2023 due to 260 thousand hectares of newly maturing palms.

The CPO price experienced some turbulent swings in the first half of 2023, eventually trading sideways within a narrower band for much of the second half. Price fluctuations were reflective of a broader interplay of factors from the supply side, where production output peaked in the third quarter of 2023, the demand side, where a glut of other edible oils undermined CPO's favourable pricing position, as well as the broader trends in a market ever more attuned to sustainable practices. A crucial factor that amplified demand in 2023—and effectively tempered CPO price swings—was the full implementation of the B35 biodiesel admixture mandate by the Indonesian government in the middle of the year. Despite recording a striking rebound from the MYR 3,200 low in end May, the annual average CPO price saw a reduction of around 23% year-on-year, or MYR 3,796 per tonne.

Leveraging Our Operations to Uphold Excellence

With an eye on the evolving market while implementing a comprehensive array of continuous enhancements resolutely across our plantation estates and palm oil mills, we strengthened our footing to leverage on the superior positioning we have achieved to further excel as a reputable and sustainable palm oil producer. Our integrated strategy is aligned with global trends, and our commitment to sustainability is firmly embedded in Bumitama's agronomic practices and future-oriented processes along the Group's value chain—from fruit harvesting to shipping our products.

In 2023, Bumitama achieved a series of operational milestones, underscoring our dedication to excellence and innovation that we believe sets us apart from our industry peers. This dedication manifested in our ongoing drive towards sustainable practices and across-the-board efficiency programmes. We witnessed the benefits of our discipline in several notable areas, from the implementation of precision agriculture on water and soil management, the utilisation of organic materials as fertiliser, to the adoption of mechanisation in several estates.

Bumitama's all-time high monthly yield, recorded in July 2023 with 2.1 MT per hectare ("ha"), was a testament to the years of meticulous estate management by our workforce. For the whole financial year of 2023, our Fresh Palm Fruit Bunches ("FFB") production, including external contribution, amounted to 5.38 million MT. The combined output from our nucleus and plasma estates has shown a compound annual growth rate ("CAGR") of 3.3% over the last five years starting in FY2019. Our Western Kalimantan estates outperformed with a 4% rise in total FFB output, translating to a 6% rise in CPO production. Our strategically positioned palm oil mills, with a total annual FFB processing capacity of 6.39 million MT, enabled Bumitama to optimise production cost as well as reduce environmental impact. These mills achieved an Oil Extraction Rate ("OER") of 22.7% in FY2023, up from 22.3% in FY2022, producing 1.22 million MT of CPO, 2.9% higher than FY2022's volume. Our Palm Kernel ("PK") production also shifted upwards, by 0.9% to 253,114 MT. We take pride to note that even as our production levels rose, we were able to keep related fluctuations in check.

By the close of FY2023, nucleus and plasma palm plantations under management spanned 187,116 ha across three Indonesian provinces, with 96.7% of this area comprising mature plants. That year, we proceeded with the replanting of 892 ha with high-yield, climate-resilient seedlings, demonstrating our proactive approach to sustainability and productivity. Our plantations boast an average age profile of 13.1 years, falling within the peak productivity range — placing us favourably in the industry. Our focus on timely replanting, combined with the use of superior seedlings, is set to enhance Bumitama's productivity in the years ahead.

Navigating Market Volatility with Strategic Agility

The supply spike of edible oil substitutes, compounded by US dollar's strength against other currencies, created a challenging price environment for CPO. But thanks to strategic market engagement with customers, Bumitama managed to curb the drop in its CPO's average selling price at no more than 9.9% in FY2023. With a total CPO sales volume of 1.25 million MT in FY2023, 13.4% higher than in FY2022, our CPO sales revenue increased by 2.2%. Although 91.3% of our total FY2023 revenue stemmed from CPO sales, the plunge in PK selling prices impacted our overall revenue performance, which decreased by 2.4% from FY2022 figure to IDR 15.44 trillion in FY2023.

As we focused our efforts on cost reduction—principally through the reduced use of chemical fertilisers, and other cost containment efforts—Bumitama recorded 6.2% higher cost of sales in FY2023, mainly from inventories. Consequently, gross profit decreased by 17.7% to IDR 4.72 trillion in FY2023. While our gross profit margin was also lower, at 30.6%, it was the second highest in the last five years and relatively higher than our peers. The decline in profitability also resulted in an 18.6% lower EBITDA, which stood at IDR 4.63 trillion in FY2023, translating to an EBITDA margin of 30.0%. Our net profit, amounting to IDR 2.93 trillion in FY2023, had grown at an estimable five-year CAGR of 36.7%, demonstrating Bumitama's robust capability to create shareholder value at a higher rate than the industry. Furthermore, our financial excellence over the last five years has earned us accolades, with The Edge Singapore's Centurion Club Award and four Asiamoney Awards being notable achievements in 2023.

While lower revenue in FY2023 caused our total assets to decline by 3.3% to IDR 19.23 trillion as of the end of the year, total liabilities shrank by a remarkable 30.3% to IDR 3.80 trillion, attesting to our focus on degearing, which was evidenced by IDR 1.39 trillion allocated for debt repayments in FY2023. This enabled us to significantly reduce our gearing ratio to 0.17x, achieving a reduction for the fourth consecutive year. Meanwhile, our liabilities-to-equity ratio decreased from 0.38x at the end of FY2022 to 0.25x, reflecting our vastly improved balance sheet, setting the stage for us to deliver substantial returns to our shareholders, which we are committed to sustaining in the future.

CHAIRMAN'S MESSAGE

Raising the Bar in Rewarding Our Shareholders

Having navigated a business landscape featuring tremendous headwinds as well as exciting opportunities, we are unwaveringly committed to providing our shareholders with attractive returns, in keeping with the Group's consistent growth in capacity, prowess, and value creation. Our strategic investments in our estates and mills, guided by astute financial stewardship over the years, have been enabling us to declare a competitive dividend policy that we hope are commensurate with the lasting support we have enjoyed from our shareholders.

As we effectively brought down our leverage ratio and generated strong cash flows from our operations, we aim to live up to our aspiration for surpassing market expectations. Having distributed an interim dividend for FY2023 of 1.25 Singapore cents per share in September, we are proposing another special dividend payment of 1.92 Singapore cents per share, in addition to a final one-tier tax exempt cash dividend of 3.63 Singapore cents per share from our profits for FY2023. These dividends will be distributed upon obtaining shareholders' approval at the forthcoming annual general meeting, and will reflect a nearly eight-fold increase in dividend payout within the 2019–2023 period.

The reason for such proposal is due to the surplus cash and low leverage ratio arising from strong cash flow from operations in FY2023. Despite challenges that brought our revenue down, both EBITDA and net profit[1] margin stood at respectable levels, at 30% and 16%, as we remain consistent and meticulous in both operational and financial management.

Despite revenue pressures, Bumitama's disciplined approach to operational and financial management ensures that we continue to provide maximum benefits to our shareholders, even in challenging times. Over the years, we are deeply grateful to have received accolades affirming Bumitama's financial soundness, with The Edge Singapore's Centurion Club Award and four Asiamoney Awards being the most recent additions in 2023. These awards propel us forward, inspiring our every action as we balance boldness and prudence with equal diligence.

[1] *Net profit attributable to owners of the Company.*

Setting the Standards in Sustainable Practices

It is our firm conviction that the Group's growth and progress must be in tandem with an increasingly meaningful role and contribution to the environment and the society surrounding us. Our definition of excellence goes beyond operational or financial measures. Its scope extends to how well we conduct ourselves in our environmental, social, and governance ("ESG") commitments, which not only inform the strategy we take in the long run, but also have immediate impact upon the lives of our workforce and their families, local communities, the ecosystem and everyone that depends on its ongoing existence for their livelihoods. Our successes in these arenas in turn will serve the long-term interests of our investors, the authorities, and the society at large.

Our most monumental achievement on the environmental front was the recognition of Bumitama Biodiversity and Community Project ("BBCP") with the Conservation Leadership Award by the RSPO. This achievement is a testament to our long-standing commitment to environmental stewardship, in collaboration with international experts and local stakeholders, including the regional government who acknowledged this biodiversity-rich land as a protected conservation zone. On top of that, we made a significant advancement in carbon footprint reduction, working with our partners to connect the methane capture facility in our largest mill in Riau to produce 3MW of electricity for the local electricity grid, helping to reduce our carbon emissions intensity by 22.7% below our 2016 baseline. All these actions underscore our progress in combating climate change and attuning our practices to global sustainability goals.

Our social endeavours have been meticulously designed and executed to foster the self-reliance of the communities with whom we interact. In 2023, we deployed a wide-ranging selection of initiatives under the "*Bumitama Berdaya*" campaign, touching upon the aspects of education, economic empowerment, ecology, health, and humanitarian needs—all essential factors in fostering a thriving, inclusive, and resilient society. We also reinforced our Social Forestry scheme aimed at equipping indigenous peoples to become able stewards of their lands, while sustainably improving their economic standing.

Throughout the years we have been firmly upholding the tenets of corporate governance, with our ethos imbued with discipline embodied in our day-to-day operations. The management has kept abreast of the best practices and latest developments in regulatory standards governing our operations as issued by the government of Indonesia and other authoritative bodies in the palm oil industry, and those concerning the capital market as stipulated by the SGX. This year's reporting has been enriched with the integration of the Task Force on Climate-related Financial Disclosures (TCFD), as prescribed by the SGX.

2024 Outlook

The world's economic landscape of 2024 presents a nuanced picture, with global growth poised for a modest uptick at 3.1%, buoyed by greater-than-expected resilience across major economies and fiscal stimuli particularly in China. Yet, this growth will remain tempered by historical standards, given many countries' ongoing efforts to tame inflation and address the complexities of fiscal consolidation. While there is anticipation that inflation will be reduced, a cautious optimism seems to be the right attitude to take. With risks to growth appearing more balanced and the prospect of a soft landing becoming a reality, we see some potential for steady economic expansion.

For the palm oil industry, 2024 is set against this backdrop of cautious optimism. CPO prices are expected to find support within the MYR 3,900–4,200 per MT range, especially in the first half of the year. This stability is underpinned by restrained supplies and Indonesia's continued implementation of its B35 biodiesel mandate, which is on course to be extended to B40. This strategic move will tighten availability and support prices. Meanwhile, another El Niño or La Nina looms large in the second half of 2024 according to some weather experts and may cause prices to climb through a supply crunch.

As Bumitama navigates these waters, our strategic focus remains clear. We are committed to bolstering our internal FFB production, enhancing efficiency through more extensive mechanisation and maintaining precision agronomy, to be ready to tackle the economic and environmental challenges ahead. With continued efforts to take in more external FFB to sustain high utilisation of mills, we are targeting our production to rise in the vicinity of 2-5%. Our capital expenditure for 2024, at IDR 1.5 trillion, is being judiciously allocated to support our ambitions across many fronts, ensuring sustainable growth and resilience in our operations. We also aim to expand replanting activities to cover 1,500–2,000 ha, with additional 500–1,000 ha slated for new planting.

In February 2024, after having served on the board as Independent Director for more than six years, my colleague Mr. Lee Lap Wah George resigned from his position effective on 26 February 2024. On behalf of the Board, I would like to convey our appreciation for his invaluable contributions to the Company during his tenure of service.

In closing, I extend my deepest gratitude to our shareholders, customers, and dedicated employees. Your unwavering support fuels our journey towards sustainable excellence and value creation. Together, we stand to seize the opportunities and overcome the challenges of 2024, sharing our vision and journey towards prosperity with all our stakeholders.

Yours faithfully,

Gunawan H. Lim
Executive Chairman and Chief Executive Officer

27 March 2024

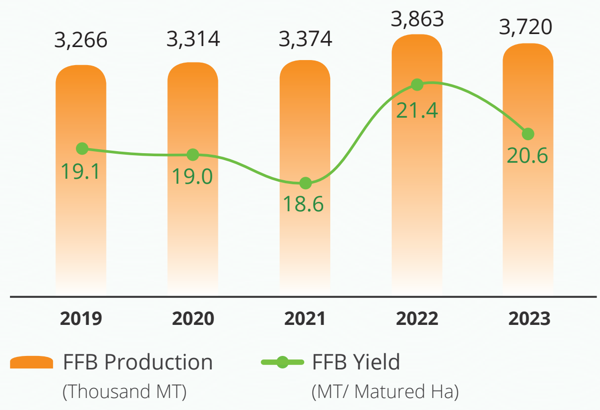
OPERATIONAL & FINANCIAL HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

FINANCIAL YEAR	2019	2020	2021	2022	2023
PLANTATION AREA (Hectares)					
Total Planted Area	187,567	187,917	187,917	187,628	**187,116**
Mature palms	170,053	173,464	181,211	180,806	**180,903**
Immature	17,514	14,453	6,706	6,822	**6,213**
Nucleus Planted Area	132,643	132,816	132,728	132,099	**130,567**
Mature palms	117,590	120,643	126,582	125,462	**124,581**
Immature	15,053	12,173	6,146	6,637	**5,986**
Plasma Planted Area	54,924	55,101	55,189	55,529	**56,549**
Mature palms	52,463	52,821	54,629	55,344	**56,322**
Immature	2,461	2,280	560	185	**227**
Planted Area by Location					
Kalimantan	185,258	185,608	185,608	185,319	**184,807**
Riau	2,309	2,309	2,309	2,309	**2,309**
PRODUCTION VOLUME (Metric Tonnes)					
Internal Fresh Palm Fruit Bunches ("FFB")	3,266,483	3,314,128	3,373,559	3,862,791	**3,720,331**
Nucleus	2,231,353	2,270,745	2,336,178	2,676,926	**2,597,097**
Plasma	1,035,130	1,043,383	1,037,381	1,185,865	**1,123,234**
Crude Palm Oil ("CPO")	1,035,201	1,024,548	1,051,623	1,188,156	**1,222,139**
Palm Kernel ("PK")	213,065	215,691	223,000	250,935	**253,114**
PRODUCTIVITY					
FFB Yield per Mature Hectare (metric tonnes)	19.1	19.0	18.6	21.4	**20.6**
CPO Yield per Mature Hectare (metric tonnes)	4.3	4.3	4.2	4.8	**4.7**
Oil Extraction Rate (%)	22.7	22.6	22.6	22.3	**22.7**
Kernel Extraction Rate (%)	4.7	4.8	4.8	4.7	**4.7**

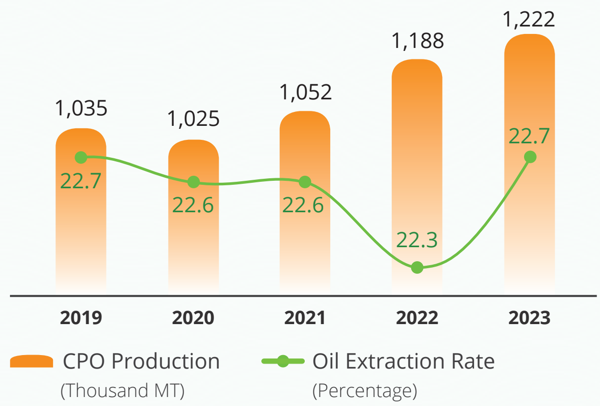
INTERNAL FFB OUTPUT

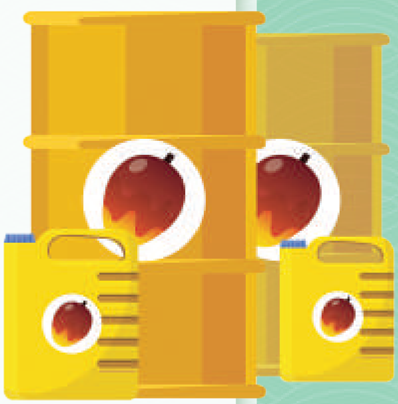
CAGR 3.3%



CRUDE PALM OIL OUTPUT

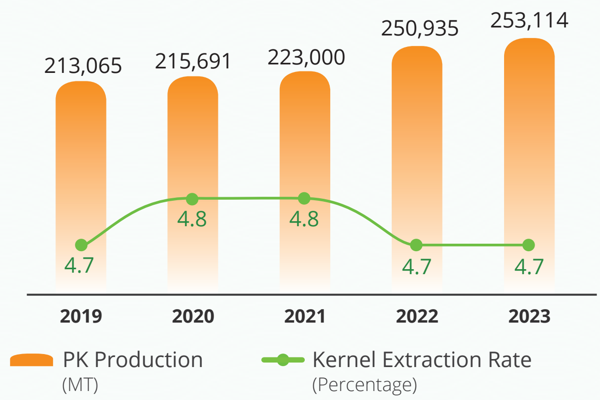
CAGR 4.2%

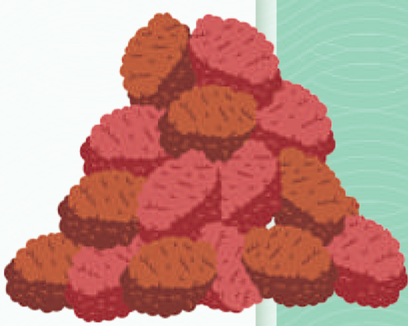




PALM KERNEL OUTPUT

CAGR 4.4%





OPERATIONAL & FINANCIAL HIGHLIGHTS

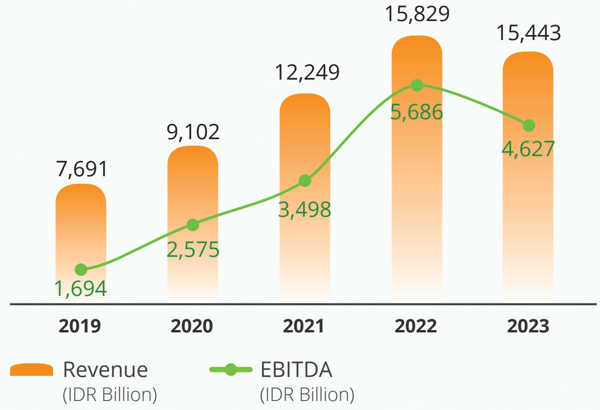
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR	2019	2020	2021	2022	2023
INCOME STATEMENT (IDR Billion)					
Revenue	7,691	9,102	12,249	15,829	**15,443**
Gross Profit	1,733	2,526	3,457	5,733	**4,719**
Fair Value Changes in Biological Assets	20	26	82	(87)	**(81)**
Profit before tax	1,193	1,931	2,864	4,571	**3,862**
EBITDA	1,694	2,575	3,498	5,686	**4,627**
Net Profit	840	1,362	2,089	3,399	**2,931**
Net Profit Attributable to Owners of the Company	686	1,126	1,721	2,826	**2,449**
EPS Attributable to Owners of the Company (IDR per Share) [1]	392	645	986	1,618	**1,412**
BALANCE SHEETS (IDR Billion)					
Total Assets	17,444	18,233	17,686	19,898	**19,233**
Total Current Assets	2,506	2,618	2,179	4,539	**3,697**
Total Current Liabilities	1,721	1,722	1,218	1,858	**2,085**
Total Non-current Liabilities	6,292	5,977	4,469	3,584	**1,711**
Total Equity	9,431	10,534	11,999	14,456	**15,437**
Equity Attributable to Owners of the Company	8,082	9,017	10,300	12,494	**13,306**
FINANCIAL STATISTICS					
Revenue Growth	(8.2%)	18.3%	34.6%	29.2%	**-2.4%**
Gross Profit Margin	22.5%	27.8%	28.2%	36.2%	**30.6%**
Operating Profit Margin	14.1%	21.1%	22.5%	31.1%	**24.4%**
EBITDA Margin	22.0%	28.3%	28.6%	35.9%	**30.0%**
Net Profit Margin	10.9%	15.0%	17.1%	21.5%	**19.0%**
Return on Equity[2]	8.5%	12.5%	16.7%	22.6%	**18.4%**
Return on Assets[3]	3.9%	6.2%	9.7%	14.2%	**12.7%**
Net Debt[4]/Total Equity (Times)	0.66	0.50	0.33	0.17	**0.14**
Debt/Total Equity (Times)	0.71	0.57	0.35	0.23	**0.17**
Net Debt[4]/Total Assets (Times)	0.36	0.29	0.22	0.13	**0.12**

Remarks :
1) 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
2) Return on Equity = Net Profit Attributable to Owners of the Company / Equity Attributable to Owners of the Company
3) Return on Assets = Net Profit Attributable to Owners of the Company / Total Assets
4) Net Debt = Interest bearing debts less cash and bank balances

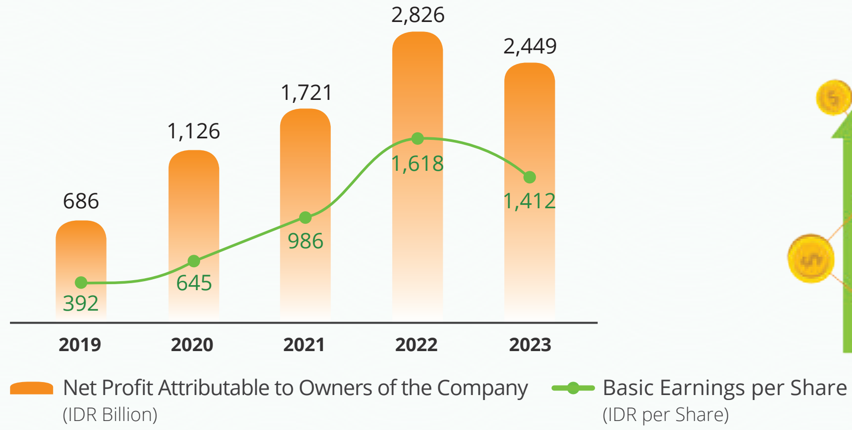
REVENUE AND EBITDA

CAGR 19.0%
CAGR 28.6%

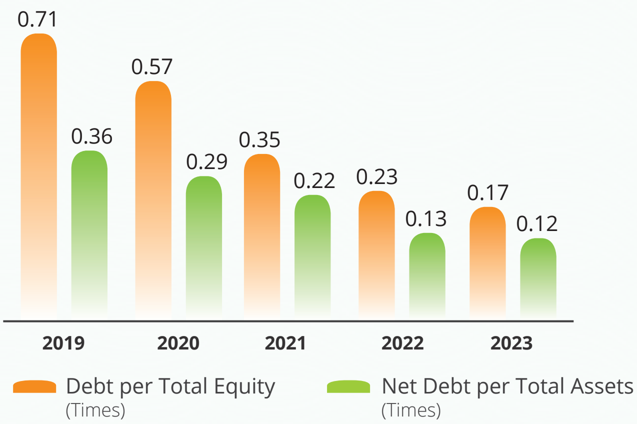


NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND EPS

CAGR 37.4%



DEBT



OPERATIONAL & FINANCIAL REVIEW

OPERATIONAL REVIEW

Global oil palm production in 2023 marked the fifth consecutive year of extreme weather conditions. Following the El Niño event of 2019 and the subsequent triple-dip La Niña, the El Niño weather pattern reappeared in May 2023, bringing higher temperature globally, and drier weather in South East Asia region. As a result of combined effect from the extreme weather condition over the past few years and bumper harvest period of 2022, lower yields have been evidenced across industry peers in 2023 and are widely expected to continue into 2024.

Amidst subdued outputs across the industry, Bumitama Group continued to maintain its edge over its peers thanks to the persistent attention towards productivity enhancement. Initiatives that had been ongoing since prior years were intensified across the board in 2023, from soil enrichment and the implementation of a site-specific manuring regime to harnessing high-tech precision agriculture technologies for monitoring.

For the full year of FY2023, the Group recorded total Fresh Palm Fruit Bunches ("FFB") production, including external contribution, of 5.38 million Metric Tonnes ("MT"). This was 1.0% higher than the 5.33 million MT output in FY2022. The slight decline from nucleus and plasma plantations was compensated by a higher contribution from third party FFB suppliers. In terms of proportion, external FFB production comprised 30.9% of total FFB output in FY2023.

The Group's estates saw 16% fewer rainy days in 2023, resulting in 23% less rainfall than in the year before. As El Niño's effects coincided with the monsoon season toward the end of 2023, the rains came back amid the normalised cycle, delivering substantively bigger production in the second semester. Our estates in Kalimantan saw a 5.4% semester-on-semester growth, bringing their whole-year output to 3.67 million MT, 3.6% below FY2022 figures. In the Group's Riau estates, FY2023 FFB production reached 55 thousand MT, 8.4% lower than in the previous year.

Lower FFB output brought the Group's FFB yield per mature hectarage down from the all-time-high 21.4 MT per hectare ("ha") in FY2022 to 20.6 MT per ha in FY2023, the second highest on record. Despite the dip, the Group's internal production performance remained superior to that of the industry. The Compound Annual Growth Rate ("CAGR") of Bumitama's combined FFB production over the five-year period of 2019–2023 stood at 3.3%. This achievement is attributable not only to the Group's plantations being of prime age, but also to the religiously integrated corporate values that have been a defining feature of Bumitama's operations.

Behind the Group's resilience against industry headwinds has been its commitment to pursuing operational excellence. In 2023, the Group built upon the improvement it had implemented in estate management in prior years. In terms of manuring, the Group has been pushing for more effective fertiliser application through meticulous monitoring of soil condition in each plot. Based on monitoring results, in 2023 the Group opted for some strategic delays in manuring schedules in the later part of the year to ensure optimal absorption while maintaining effectiveness. Field inspectors were equipped with digital devices, allowing their activities to be automatically logged, and expediting their acquisition and reporting of measurement data. Monitoring across vast tracts of the Group's estates has been aided by drones and satellite imaging, which assisted in improving plant health, soil moisture, and other important elements of productivity with greater efficiency and accuracy. The use of such technologies will be amplified, and their coverage expanded in the coming years.

For soil enrichment, the Group has made extensive use of organic materials—including empty fruit bunches, mill biowaste, as well as in-situ greenery and beneficial microorganisms—as bio-organic fertilisers. Shifting to bio-organic manuring has significantly reduced chemical use in the estates while creating a natural buffer for the plants against extreme dryness or wetness. This circular approach to utilising biological waste has brought some visible gains for the Group, underscoring its commitment to promoting sustainable practices in all aspects of its operations.

To assist in FFB harvesting and evacuation, since 2021 the Group has introduced mechanisation into certain processes in some estates where such measures are feasible. Most of the pilot projects conducted had succeeded in bringing meaningful benefits and cost savings with the new mechanised tools by the end of 2023, especially in mainline processes as well as upkeep and manuring. Going forward, as field workers adapt to the new ways of working aided by mechanisation, the Group will continue to observe the reliability of the tools and processes along with the productivity gains they bring, before accelerating the programme further.

Oil Extraction Rate ("OER") from the Group's FFB in FY2023 climbed to 22.7%, reversing the dip from 22.3% in FY2022. This was partly due to the fewer rainy days across the Group's estates over the course of 2023. The increase in OER also contributed to a higher Crude Palm Oil ("CPO") production volume, reaching 1.22 million MT in FY2023, 2.9% above FY2022 level of 1.19 million MT. The CAGR for CPO production over the period of 2019–2023 reached 4.2%. CPO yield decreased by 2.1%, from the record-high 4.8 MT per ha in FY2022 to 4.7 MT per ha in FY2023.

Palm Kernel ("PK") production volume in FY2023 reached 253 thousand MT, 0.9% higher than 251 thousand MT in FY2022. This corresponds to a PK extraction rate of 4.7% in FY2023, unchanged from FY2022. PK production grew with a CAGR of 4.4% within the period 2019–2023.

At the end of FY2023, total planted area managed by the Group reached 187,116 ha, with 69.8% or 130,567 ha being nucleus plantations. Plasma plantations' coverage, growing by 1.8% to 56,549 ha, made up the remainder. A vast majority at 98.8% of the Group's total planted area is in Kalimantan, and the rest in Riau Province.

In FY2023, the Group replanted 892 ha in certain estates. By the end of the year, the average age of the Group's plantations was 13.1 years old, with the coverage of mature plantations reaching 180,903 ha, slightly larger than at the end of FY2022. The Group's prime plantation age attests to its potential to attain further improvements in yield, which will translate to optimum levels of shareholder value in the medium to long term.

FINANCIAL REVIEW

Market Overview

The global palm oil market in FY2023 was marked by the widely anticipated softer CPO prices versus the previous year as it continued its generally sideways movement throughout the entire year, extending the trend that began in the second half of FY2022. An array of factors worked together to dampen any considerable rise in CPO prices amid the global economic uncertainty, notwithstanding several demand pulls from the policies enacted in both producing and consuming countries. Indonesia, for instance, increased its biodiesel mandate to B35 in February, effectively raising domestic consumption by 2.1 million MT, while imports by India and China, the world's second-and third-largest consumers of palm oil, soared to an all-time high of 10 million MT and 4.3 million MT, respectively.

All this, however, was not enough to keep prices buoyant. Resumption of sunflower oil supply from the geopolitically-volatile Black Sea region, alongside a bumper year for Brazilian soybean oil, meant that palm oil's relative affordability in the edible oils market diminished. Exacerbating it further was the dominant US dollar for much of 2023, bolstered by the Fed's further raising its policy rate four times by one hundred basis point in total. All told, this caused palm oil to trade sideways, around the MYR 3,500 to 4,500 per MT range throughout FY2023. As of early 2024, a consensus among analysts suggests that prices will remain largely sideways in FY2024. While current prices have dropped by nearly half of their 2022 peak—yet remain lofty compared to pre-COVID19 years—they have been converging toward a relatively more stable and elevated range.

Income Analysis

Discipline in cost management remains central to Bumitama Group's financial results, continuing to underpin the progress and successes of the Group.

The widely anticipated lower CPO prices in 2023 versus the previous year resulted in the Group's CPO average selling price to settle at around IDR 11,283 per kilogramme ("kg"), 9.9% lower than in FY2022. PK average selling price saw a greater dip in FY2023, amounting to IDR 5,332 per kg, a decline of 35.6% from the FY2022's high base figure.

The Group's CPO sales volume rose 13.4% to 1.25 million MT in FY2023, attributable to bigger external FFB contribution, higher OER, and an inventory drawdown. PK sales volume also increased to 252 thousand MT, or 2.3% higher than in FY2022. However, due to the lower average selling price, the Group's revenue in FY2023 amounted to IDR 15.44 trillion, a 2.4% decrease from IDR 15.83 trillion recorded in FY2022. 91.3% of the FY2023 revenue came from CPO sales, with PK sales making up the rest. Still, revenue over the past five years (2019–2023) showed a respectable CAGR of 19.0%.

With greater availability of fertilisers on the global market, their prices began to dip in the later part of FY2023. Lower energy prices contributed to lower fuel cost, while other general expenses increased owing to inflation. To address this, the Group implemented measures to maintain its cost structure competitively lean. Certain mills shifted their primary energy source from on-site diesel-powered generation to grid electricity, resulting in substantial cost savings. Investments in technology and machinery to bolster mechanisation programme in the estates brought additional cost reductions, while also reducing reliance on seasonal fluctuations in labour availability.

These measures kept the increase in cost of sales to 6.2%, from IDR 10.10 trillion in FY2022 to IDR 10.72 trillion in FY2023. This was mainly contributed by the increased FFB intake from third party source, higher cost of inventories drawdown recognised by 15.9% along with depreciation which increased by 9.7%.

As revenue shrank and cost of sales increased, gross profit was recorded at IDR 4.72 trillion in FY2023, 17.7% below IDR 5.73 trillion in FY2022. Gross profit margin stood at 30.6%, the second highest in the past five years.

The annual valuation of biological assets saw a decrease of IDR 81 billion in FY2023, following a IDR 87 billion reduction in the previous year, according to the Singapore Financial Reporting Standards (International) ("SFRS(I)") 1–41. The decrease in fair value of biological assets was mainly attributable to the lower average market price for FFB as at 31 December 2023 compared to the previous year.

The above matters have brought profit before tax to IDR 3.86 trillion and Earnings before Interest, Taxes, Depreciation, and Amortisation ("EBITDA") to IDR 4.63 trillion. Despite a decrease from its eight-year high of 35.9% in FY2022, EBITDA grew with a CAGR of 28.6% over the period 2019–2023.

Aware of global monetary policies and the financial markets, the Group made strategic adjustments to its credit spread and repaid some debt following the transition from the London Inter-bank Offered Rate ("LIBOR") in June to the Secured Overnight Financing Rate ("SOFR"), and a high interest rate environment. This resulted in 1.1% lower financing cost compared to FY2022. On top of that, continued de-gearing strategy successfully reduced the Group's gearing ratio for the fourth year running, from 0.23x in FY2022 to 0.17x in FY2023.

The Group distributed three types of dividends in 2022, in May and September, for a total of SGD 0.078 per share, equivalent to a dividend yield of 13.7% and amounted to SGD 135.26 million, which included a special dividend payment in commemoration of the Group's 25th year anniversary and 10th year of listing on the SGX in 2023. Subsequently, in September 2023 we paid interim dividend for FY2023 of SGD 0.0125 per share. The Group's dividend payout have increased almost nine-fold from SGD 0.0088 per share in 2019 to SGD 0.078 per share in 2022, reflecting our commitment to bolstering value creation and providing maximum benefits to shareholders.

Net profit for FY2023 was recorded at IDR 2.93 trillion, a 13.8% drop from FY2022, as an impact of the factors detailed above. As much as IDR 2.45 trillion or 83.6% of total net profit was attributable to owners of the Company. Earnings per Share ("EPS") attributable to owners of the Company reached IDR 1,412 per share, 12.7% lower than in FY2022. The net profit figure for FY2023 attested to the Group's success in outperforming the industry and also exceeding market expectations amidst the period's particularly bearish conditions.

Financial Position

Bumitama's disciplined execution of its strategy for excellence to overcome market pressures in 2023 enabled it to limit the negative impacts of external factors on its balance sheet. At the end of 2023, the Group recorded total assets of IDR 19.23 trillion, a 3.3% reduction from IDR 19.90 trillion in the previous year.

19.2% of the total assets, or IDR 3.70 trillion, consisted of current assets, compared to IDR 4.54 trillion at the end of FY2022. The main components of current assets at the end of FY2023 were inventories, plasma receivables, trade receivables, and cash and short-term deposits. Given the larger volume of CPO shipments in FY2023, inventory stood at IDR 1.59 trillion at the end of the year, a notable 31.8% reduction from FY2022's year-closing figure. Plasma receivables and cash and short-term deposits were recorded at IDR 633 billion and IDR 374 billion, respectively.

Non-current assets, amounting to IDR 15.54 trillion or 80.8% of total assets, were primarily composed of bearer plants at IDR 7.93 trillion; property, plant, and equipment (IDR 5.25 trillion); and land use rights (IDR 1.05 trillion) which represented 91.6% of total non-current assets.

Total liabilities stood at IDR 3.80 trillion at the end of FY2023, a sharp 30.3% reduction from FY2022's IDR 5.44 trillion. The liabilities to equity ratio was recorded at 0.25x at the end of FY2023, a significant improvement of 34.2% from last year 0.38x.

54.9% of the total liabilities were in the form of current liabilities. This amount increased by 12.2% from the previous year's IDR 1.86 trillion to IDR 2.08 trillion as at the end of 2023. This increase was primarily due to the rise in loans and borrowings in light of the reclassification of term loan facilities and revolving credit facilities due within 12 months. Trade and other payables saw a decline given the Group's strong cash flows. Similarly, sales advances and taxes payables also decreased.

Non-current liabilities amounted to IDR 1.71 trillion at the end of FY2023. The figure was less than half of IDR 3.58 trillion recorded one year prior, given the substantial repayments of loans. As at the end of FY2023, these debts' outstanding amount was IDR 1.34 trillion. In FY2023, the Group initiated exploration of funding sources denominated in IDR, as an alternative to USD, considering the currency's competitive rates. While the IDR-denominated financing amount was negligible at the end of FY2023, its share is expected to increase in the coming years.

Despite the decrease in total assets, total equity rose by 6.8% by the end of FY2023 to IDR 15.44 trillion, compared with IDR 14.46 trillion at the end of FY2022. Equity attributable to owners of the Company similarly increased by 6.5% to IDR 13.31 trillion. The Group recorded its Return on Equity ("ROE") for FY2023 at 18.4%, while its Return on Assets ("ROA") stood at 12.7%. Both metrics showed a drop compared with their FY2022 counterparts owing to the reduced profits in FY2023.

Cash Flows

Cash collected from customers in FY2023 amounted to IDR 14.78 trillion, 7.5% decrease from FY2022 due to lower average selling price of CPO and PK, which was partly offset by higher sales volume during the year. Consequently, cash payments to suppliers, employees, and for other operating expenses dropped 12.1% to IDR 10.31 trillion. This resulted in net cash generated from operating activities in FY2023 of IDR 3.28 trillion.

Investments were made in property, plant, and equipment (IDR 1.16 trillion in total) and in additional bearer plants (IDR 457 billion) in FY2023. Collections received from plasma cooperatives were also lower in the year compared to 2022, due to the decrease in both FFB purchase volume and price. These flows brought the net cash used in investing activities in FY2023 to IDR 1.18 trillion.

Debt repayments amounting to IDR 1.39 trillion, in addition to dividend payments of IDR 1.79 trillion, led to net cash used in financing activities to reach IDR 2.54 trillion, after accounting for the proceeds of new loans and interest payments.

In summary, the net decrease in cash and cash equivalents resulting from the above movements throughout FY2023 amounted to IDR 441 billion. This brought the Group's total cash and cash equivalents at the end of the year to IDR 374 billion.

BOARD OF DIRECTORS

LIM GUNAWAN HARIYANTO

Executive Chairman and Chief Executive Officer

Mr. Lim Gunawan Hariyanto, Executive Chairman and Chief Executive Officer of the Group since its inception in 1998, has been pivotal in formulating the Group's strategic plans and leading business operations. He was appointed to the Board on 23 March 2012 and re-elected on 22 April 2022. He concurrently serves as the Group President Director and CEO of PT Harita Jayaraya since 1998. With expertise encompassing the palm oil and mining industry, he holds a Bachelor of Business Administration degree from the University of Southern California, USA, graduating in 1981.

LIM CHRISTINA HARIYANTO

Executive Director

Ms. Lim Christina Hariyanto, appointed as Executive Director in 2012, became part of the Board on 1 June 2017, and was re-elected on 20 April 2023. Her role focuses on enhancing communication with the financial industry and promoting Bumitama's initiatives in concert with the Group's strategic goals. She has been instrumental in investor relations and corporate communications, earning accolades such as Asiamoney's "Best in Investor Relations in Singapore" in 2015 and 2016, and the "Best Executive in Singapore" Award in 2016. She is also the President Commissioner of Harita Kencana Sekuritas and a member of the Bumitama Foundation Board of Advisors. A 1990 graduate in Business Administration from the University of Southern California, USA, she was also the Young Presidents' Organization (YPO) Indonesia Chapter Chair in 2011–2012.

DATO' LEE YEOW CHOR

Non-Executive Director

Dato' Lee Yeow Chor, Non-Executive Director since 23 March 2012, was re-elected to the Board on 20 April 2023. He is the Group Managing Director and Chief Executive of IOI Corporation Berhad and a Board Member of IOI Properties Group Berhad, both being public listed companies in Malaysia. His career began in the Attorney General's Chambers of Malaysia and the Malaysian Judiciary, as a Magistrate. Elected as the Malaysian Palm Oil Association (MPOA) Chairman since June 2020, he previously chaired the Malaysian Palm Oil Council (2009–2020) and was a Board Director of Bank Negara Malaysia (2015–2018). He holds an LLB (Honours) from King's College London and a Postgraduate Diploma in Finance and Accounting from the London School of Economics, as well as qualified as a barrister from Gray's Inn, London, UK.

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. He succeeded Lee Lap Wah George on 18 March 2022 as Lead Independent Director. His expertise spans the transport and engineering sectors, including leadership roles at Singapore Automotive Engineering Group and ComfortDelgro Corporation. Post-retirement in 2007, he consulted for companies in Singapore, China, and France. He holds a Bachelor of Engineering (Mechanical) (First Class Honours) (1973) and a Master of Science (Industrial Engineering) (1979) from the University of Singapore, and attended the Senior Executive Programme at Stanford University, USA (1989).

LAWRENCE LUA GEK PONG

Independent Director

Mr. Lawrence Lua Gek Pong, joining the Board on 1 January 2020, and re-elected on 20 April 2023, has a distinguished career in banking and finance. He currently serves as the Chairman of Miclyn Express Offshore Limited and a Non-Executive Director of Lygend Resources & Technology Co Ltd. His past roles include leadership positions at Citibank Private Bank Singapore, Merrill Lynch International Bank Singapore, and DBS Bank Singapore, where he also served as a Member of its Management Committee and Group Head of the Private Bank and subsequently as the senior advisor until his retirement in 2022. He retired from Maitri Asset Management Private Ltd and Azura Investment Partners Pte Ltd in 2023. Awarded the Pingat Bakti Masyarakat (PBM) Public Service Medal in 2021, he is deeply involved in community service and social enterprise mentorship. He was Chairman of IBF Private Banking Industry Workgroup and Member of IBF Standards Committee (2016–2020) and continues to serve on the Advisory Board for Wealth Management at the Singapore Management University. He is the Founding Chairman of a not-for-profit child development organisation (since 1991) and Chairman of the Nee Soon Link Citizens' Consultative Committee (since 2020). 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, appointed as Independent Director on 1 July 2021, and re-elected on 22 April 2022, is also the Director of Sustainability and Smallholders Development at the Secretariat of the Council of Palm Oil Producing Countries (CPOPC) in Jakarta. His career began in 1984 at the Coconut Research Center in North Sumatra, Indonesia, and he advanced through roles at the Indonesian Oil Palm Research Institute (IOPRI) (2005–2014) and the Indonesia Estate Crop Fund (BPDPKS) (2015). His eminent knowledge in Agronomy and Technical Advisor has allowed him to bring invaluable benefits to numerous oil palm companies throughout the years. He holds a Bachelor's degree in Soil Science (1983), a Master of Agronomy (1991) from Bogor Agricultural University, Indonesia, and a PhD in Crop Production and Physiology from Iowa State University, USA (1997).

KEY MANAGEMENT

ROEBIANTO

Chief Operating Officer

Roebianto, the Chief Operating Officer of the Group since 1 January 2004, brings a wealth of experience to his role in the Group, which he joined in 2003. From his initial position as General Manager in the Engineering Division of Bumitama Gunajaya Agro (BGA), Roebianto now leads and coordinates the Group's operations across plantation management, engineering, and human capital. His impressive career, spanning over four decades, began at Indo Plywood (Salim Group) in 1982 as a Field Superintendent. He climbed the ranks within Salim Group, eventually leaving in 1999. He then assumed the role of Director at Chua Sea Joo Plywood Industry Sdn Bhd, Malaysia, until 2003, before serving as General Manager at PT Tirta Mahakam Resources Tbk. Roebianto is a graduate of the Christian University of Indonesia, holding a Bachelor of Civil Engineering degree since 1982. In 2023, he won the Planters Manajemen Transformatif (Transformative Management) award from STIPER Agricultural Institute in Yogyakarta, Indonesia, in recognition of his efforts in transforming the Group's work culture.

SIE EDDY KURNIAWAN

Chief Financial Officer

Sie Eddy Kurniawan, the Chief Financial Officer of the Group since 7 January 2013, oversees finance, accounting, and ICT departments, along with strategic and commercial activities. His career in finance began in 1994 at Arthur Andersen as a Financial Auditor and Senior Auditor. He moved to PricewaterhouseCoopers, advancing to Vice President in Financial Advisory Services. In 2005 he joined Sampoerna Strategic Group as a Business Development Executive and subsequently served as the Chief Financial Officer of PT Sampoerna Agro Tbk until 2012. Widely recognised for his expertise, he was awarded "Top 10 Chief Financial Officer in Singapore 2023" by CEO insights ASIA Magazine. He holds a Bachelor of Economics degree from Parahyangan Catholic University, Indonesia, obtained in 1994.

LIM SIAN CHOO

Chief Sustainability Officer

Lim Sian Choo, the Chief Sustainability Officer since 27 May 2020, joined the Group in 2011. Her responsibilities encompass Corporate Secretarial Services and Corporate Social Responsibility, working closely with stakeholders, including the RSPO, in various capacities. She is an active member of numerous RSPO standing committees, working groups, and task forces, including as a member and co-chair of the Complaints Panel. Her career started in 1982 as a Chartered Accountant, and subsequently she held significant roles in various companies, including the Hong Leong Group of Malaysia as Group Financial Controller until 2011. In 2009, she served as a Non-Executive Director and Audit Committee member of Southern Steel Berhad. She earned her Bachelor of Commerce and Administration degree from Victoria University, Wellington, New Zealand, in 1981, and is a member of the Malaysian Institute of Accountants.

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 9,000 hectares of landscape-based conservation project in Ketapang, West Kalimantan containing peat-lands, high-carbon stock rich forests and rare, threatened and endemic species of biodiversity, and as a wildlife corridor connects Sungai Putri peat swamp and Gunung Tarak protected forest, directly linked to Gunung Palung National Park

2018
Assisted 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, a drone-assisted seed dispersal programme to reforest 800 hectares of conservation areas within 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, significantly reducing its GHG emissions

2022
Bumitama's Sukuk Musharakah 2014/2029 upgraded to AA_2/Stable by RAM Ratings

Expanded the Bumitama Sustainability Policy to address sustainability aspects across a wider spectrum

25th

2023
25th anniversary of Bumitama and 10 years of SGX listing, marked by all-time-high dividend distribution of 55% payout ratio translating to 14% dividend yield

CORPORATE ACCOLADES

2019

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

Received "Asiamoney Award" in two categories:

- 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)

2022

Received "Asiamoney Award" in three categories:

- Overall Most Outstanding Company in Singapore
- Most Outstanding Company in Singapore (Small/Mid Cap)
- Most Outstanding Company in Singapore (Consumer Staples)

2023

Received "Asiamoney Award" in four categories:

- Overall Most Outstanding Company in Singapore
- Best for ESG in Singapore
- Most Outstanding Company in Singapore (Small/ Mid Cap)
- Most Outstanding Company in Singapore (Consumer Staples)

The Edge Singapore – Centurion Club Awards 2023 for the Highest Growth in Profit After Tax (PAT) Over Three Years in the Food & Beverages + Retailers Sector

"Best CSR in Palm Oil Industry 2023" from The Iconomics

Conservation Leadership Award from RSPO

Three schools of Bumitama were awarded the Adiwiyata Initiative at the national level by the Indonesian Environment and Forestry Ministry

Mr. Sie Eddy Kurniawan of Bumitama's Key Management received the "Top 10 Chief Financial Officer in Singapore 2023" from CEO insights ASIA Magazine

Mr. Lim Hariyanto Wijaya Sarwono, Bumitama's founding father, received the "Honorary Lifetime Achievement" from Ernst & Young

Mr. Roebianto of Bumitama's Key Management received the "Planters Manajemen Transformatif" award from STIPER Agricultural Institute

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY REPORT

SUSTAINABILITY MILESTONES

2013

Initiated sustainability journey to enhance stakeholder engagement

2014

Launched a Rapid HCSA & Peat Study on 55,000 hectares that resulted in major forest conservation works

Achieved first two RSPO certificates and one ISPO certificate

2015

Implemented NDPE through our Sustainability Policy

Published the first edition of our Sustainability Report

2016

Eliminated the use of paraquat-type herbicides from field operations, adhering to industry best practices

2017

Started the Bumitama Biodiversity Community Project (BBCP) landscape corridor project

Obtained the *Kawasan Ekosistem Esensial* status for conservation areas in Ketapang, West Kalimantan

2018

Guided independent smallholders in Central Kalimantan to receive our first smallholder RSPO certificate

2019

Secured the first RSPO certificate for plasma smallholders of PT ASM and obtained seven RSPO certificates in total for the year

Reached 98% traceability of FFB to plantation after system enhancements

Collaborated with the Regent and other stakeholders in PPI Compact for Ketapang

2020

Began the installation of composting facilities across mills to treat waste facility and carbon footprint

2021

Developed the first methane capture project in our largest mill, sharply reducing GHG emissions

Successfully executed the Triple Zero Targets (TZT) Programme, significantly lowering workplace accidents' severity and frequency rates

2022

Upgraded our Sustainability Policy to better accommodate evolving stakeholder expectations and widen our impact

2023

Gained legal recognition for BBCP from Ketapang regional authorities, paving the way for more comprehensive conservation efforts

Received the RSPO Excellence Award, with BBCP as the Conservation Leadership champion

Transformed production waste into 3MW of green electricity for the local grid

2024 onwards

Aiming to achieve full RSPO certification for all units and mills by 2025

Targeting a 75% reduction in lost time incident and frequency rates by 2025 through TZT

Accelerating towards our 30% GHG reduction target by adding two biogas treatment facilities annually

BUMITAMA'S SUSTAINABILITY POLICY – WHERE WE STAND ON WHAT REALLY MATTERS

Dedicated to leading the fight against deforestation, climate change, and social injustice, Bumitama embarked upon its sustainability journey in 2014 piloting the novel High Carbon Stock ("HCS") assessment. Shortly after, Bumitama's overarching Sustainability Policy was launched, committing our entire operations to the "No Deforestation, No Peat, No Exploitation" ("NDPE") status. This policy is not only applicable to all our plantations and mills, but also extends to our subsidiaries, associates, and external suppliers. In a bid to further strengthen our sustainability commitments, an enhanced version of the policy was introduced in 2022.

Bumitama's Sustainability Policy outlines key commitments across four essential pillars:

1. **Environmental Protection and Sustainable Land Use:** We actively support the preservation of peatlands and are dedicated to conservation of biodiversity rich and high carbon stock areas. Our approach includes minimising chemical usage, eliminating the use of hazardous substances like paraquat, and holistic measures for fire prevention and mitigation.
2. **People and Communities:** Adhering to the principles of Free, Prior and Informed Consent ("FPIC"), we promote sustainable economic models, and nurture fair, transparent and accountable partnerships with our plasma smallholders. In compliance with the core International Labour Organisation ("ILO") conventions and the UN Universal Declaration on Human Rights, we strictly prohibit any forms of forced and child labour and discrimination, as well as advocate for fair wages, reasonable working hours, and the right to association, ensuring a safe and ethical working environment.
3. **Governance and Accountability:** This includes conducting risk profiling and due diligence in Bumitama operations, maintaining assurance and certifications, ensuring sustainable land acquisition, and managing grievances effectively.
4. **Supply Chain and Responsible Sourcing:** Our focus is on monitoring land use in sensitive areas, ensuring the traceability of Fresh Fruit Bunches ("FFB") from our estates and external partners, and committing to sourcing FFB exclusively from lawful and ethical sources.

Alignment with TCFD and IFRS Guidance

Bumitama is committed to leading the way in integrating sustainable practices across all dimensions of business. Starting this year, our Annual Report, in particular the Sustainability section, is prepared to be in alignment with the Task Force on Climate-related Financial Disclosures ("TCFD"), with an emphasis placed on climate-related risks and opportunities that have an impact on our business strategy and financial planning. A more comprehensive response to TCFD recommendations is presented on Bumitama's corporate website.

To further enhance our sustainability reporting, we are aiming to comply with the International Sustainability Standards Board's ("ISSB's") IFRS S1 and S2 standards in the coming year. This breakthrough demonstrates Bumitama's dedication to adopting global best practices in sustainability reporting. Our move towards embracing these standards goes beyond mere compliance; rather, it embodies the Group's commitment to transparency, investor engagement, and the broader integration of sustainability into the core business strategy.

Bumitama has aligned its Sustainability reporting with the Task Force on Climate-related Financial Disclosures (TCFD) framework to leverage its structured recommendations for identifying, disclosing, and effectively managing climate-related financial risks and opportunities. This approach benefits from the TCFD's sector-specific case studies and best practices, enhancing Bumitama's ability to develop robust climate response strategies that contribute positively to its sustainability and financial performance.

ACHIEVEMENTS, PROGRESS, AND TARGETS

MATERIAL TOPIC	TARGET	TARGET YEAR	FY2023 PROGRESS
ENVIRONMENTAL PROTECTION AND SUSTAINABLE LAND USE			
Deforestation/HCS/HCV/ Peat	Bring annual conservation area deforestation down to less than 0.1%	Ongoing	**Improvement needed** 401 ha or 1% of forest areas lost due to community land clearing & fires
	Extend forest cover in conservation areas by 10% from 2020 baseline	2025	**Improvement needed** Forest cover dropped by 1%
	Commission a second review of all HCV–HCS areas	2028	**On Track**
Wildlife and biodiversity conservation	Engage in conservation partnerships to protect and increase Kalimantan's orangutan population	Ongoing	**Ongoing** New partnerships with IDH
GHG reduction and climate adaptation	Install methane capture and biogas facilities at 15 existing palm oil mills	2029	**On Track** First methane capture and biogas facility in Riau
	Reduce GHG emission intensity by 30% from 2016 baseline	2030	**On Track** Estimated 1.24 MT CO_2e/MT CPO, 24% below 2016 baseline
	Trial alternative GHG emissions reduction mechanisms through composting and solid separation	Ongoing	**Ongoing** Including 14 composting facilities, solid separation & biochar
Waste management	Develop a solid waste reduction policy for our operations and surrounding communities	2023	**Ongoing** Trialling plastic recycling scheme
	Zero fires in planted and conservation areas (See TZT Programme)	2025	**Improvement needed** 666 ha burnt in 151 fires
	No purchase of land intentionally burnt after 2015 No purchase of FFB from land deliberately cleared by burning after 2022	2023 onwards	**Achieved/Ongoing** New grievance section on website
Water impacts	Reduce water usage intensity from mill to 1.2 m^3/MT FFB	2023 onwards	**Improvement needed** Current estimate: 1.29 m^3/MT FFB
Pesticides and chemical usage	Ensure 85% of planted area rodenticide-free (2018 baseline)	2023 onwards	**Achieved/Ongoing** 94.6% rodenticide-free
	Develop a chemical fertiliser reduction programme	2024	**On Track** Reduced from 1.09 MT/ha in 2022 to 0.83 MT/ha in 2023
Productivity and operational efficiency	Continue R&D programmes to improve yield and efficiency, including crop resiliency to mitigate and adapt to climate change impacts	Ongoing	**Ongoing**

MATERIAL TOPIC	TARGET	TARGET YEAR	FY2023 PROGRESS
PEOPLE AND COMMUNITIES			
Human rights and labour conditions	Maintain proportion of employees on permanent contracts to over 97%	Ongoing	**Achieved** 99%
Health and safety	Zero fatalities	Ongoing	**Improvement needed** 2 fatalities recorded
	75% reduction in accident rates (2020 baseline) (See TZT Programme)	2025	**On Track** Severity rate 26% better than target Frequency rate 15% worse than target
Gender and equal opportunities	Breastfeeding facilities available in all operational areas	2023	**Achieved** Operating 23 breastfeeding facilities
Capacity and training	Provide 13 hours of annual training per employee	2022 onwards	**Improvement needed** 11.9 hours of annual training per employee
Land complaints/FPIC	Ensure FPIC is followed at existing plantations	2025	**On Track**
Smallholder inclusiveness and CSR	Each certified mill with third-party supply to include at least one group of external smallholders in productivity improvement programmes	2023	**Improvement needed**
	Extend support to independent smallholders for two years after obtaining mill certification	2024	**On Track**
	ISPO and RSPO certification for all plasma smallholders (subject to land title)	2024	**On Track**
Community development	Support six communities through social forestry partnerships in areas greater than 15,000 ha	2025	**On Track**
Children's rights and education	Promote Adiwiyata Green education at 12 Bumitama schools and 3 external schools at district level or higher	2023	**Achieved/Ongoing** 13 schools recognised at district level or higher

ACHIEVEMENTS, PROGRESS, AND TARGETS

MATERIAL TOPIC	TARGET	TARGET YEAR	FY2023 PROGRESS
SUPPLY CHAIN AND RESPONSIBLE SOURCING			
Traceability and supply chain monitoring	REVISED 100% traceability of FFB supplied, including by smallholders and external suppliers	2023	**Improvement needed** 99.4%
	No sourcing from illegal plantations	2023 onwards	**Ongoing**
	All suppliers compliant with our sustainability policy commitments	Year-on-year	**Improvement needed** Not 100% traceable, incidents of deforestation and use of fire to clear land occurred
GOVERNANCE AND ACCOUNTABILITY			
Legal/regulatory compliance	No legal non-compliances	Ongoing	**Achieved**
	Quality uniformity of environmental management monitoring (100%-related documents available and monitored by head office) (See TZT Programme)	2021	**Achieved**
	Prompt governmental environmental management reporting following applicable provisions (See TZT Programme)	2022	**Achieved**
Anti-corruption and ethics	No reported incidences of corruption	Ongoing	**Improvement needed**
Sustainability certification	Achieve RSPO certification for all existing mills and estates within one year of receiving land use permits for new mills after 2022	2024	**On Track**
	Establish RSPO-segregated mills	2024	**In progress + EU Anti-Deforestation Regulation (EUDR)**
Stakeholder collaboration	Continue engaging with stakeholders to address industry-wide challenges	Ongoing	**Ongoing**
Transparency and accountability	Continue engaging with stakeholders on our sustainability progress and make disclosures publicly available	Ongoing	**Ongoing**
	Report climate-related impacts consistent with TCFD and SGX mandatory climate reporting target	2024	**Achieved**

FOR OUR PROGRESS IN ESG ASPECTS, IN 2023 WE EARNED:

SCORED
B-
in the CDP Forest assessment

RANKED
20th/100
in SPOTT with our score up by 2.7%

RANKED
8th/350
in Forest 500 in the Palm Oil Commodity Sector

RANKED
2nd/350
in Forest 500 in the Upstream Industry

TZT PROGRAMME

Three of our foremost sustainability challenges are encapsulated in our ambitious Triple Zero Targets ("TZT") Programme, with which we aim to record:

TARGET 1: Zero fire incidents

TARGET 2: Zero environmental incidents resulting in litigation

TARGET 3: Zero fatal accidents

WITHIN THE PERIOD OF 2021 TO 2025

The detailed yearly progress of the TZT Programme are illustrated in the infographic below.

	FIRE INCIDENTS	ENVIRONMENTAL INCIDENTS	YEAR-ON-YEAR ACCIDENT FREQUENCY AND SEVERITY RATES
2021	Zero fires in planted areas	Environmental management monitoring system and applicable documentation in place	5% reduction from 2020
2022	Zero fires in planted and conservation areas	Timely and appropriate environmental management reporting to the government	10% reduction from 2021
2023			15% reduction from 2022
2024	Zero fires inside concessions	No environmental incidents that led to charges against the company	20% reduction from 2023
2025			25% reduction from 2024

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY REPORT

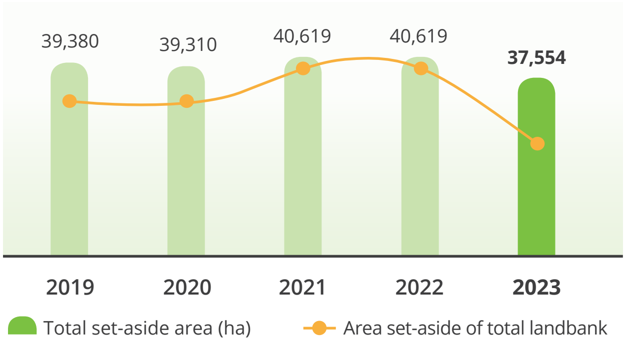
ENVIRONMENTAL PROTECTION AND SUSTAINABLE LAND USE

CONSERVATION AND BIODIVERSITY

At Bumitama, our journey towards sustainability begins with a firm commitment to the preservation of the earth and its communities. Before the first seed is planted, our subsidiaries embark on a meticulous journey of environmental stewardship, engaging in rigorous implementation of High Conservation Value ("HCV"), High Carbon Stock ("HCS"), Free Prior and Informed Consent ("FPIC") and Environmental and Social Impact Assessments. This proactive approach underscores our dedication to No Deforestation, No Peat, No Exploitation ("NDPE") encapsulated in our Sustainability policy, aligning our operations with the Roundtable on Sustainable Palm Oil ("RSPO") Principles & Criteria and the prevailing rules and regulations of Indonesia.

Following a joint HCV and HCS re-assessment in one of our management units, we have adjusted our conservation strategy to allow sustainable development of rubber agroforestry lands, previously classified as forest. This revision, made upon consultation with local communities, resulted in overall drop in conservation areas managed by the Group, while allowing for responsible plantation development following the RSPO NPP - ensuring no forest loss, preservation of biodiversity, and maintaining ecosystem services, demonstrating our commitment to balancing development with environmental stewardship.

Area Set-Aside for Conservation



Our commitment to conservation goes beyond assessments; it's about nurturing the land and its inhabitants. In facing the dual challenges of biodiversity preservation and community welfare, Bumitama employs a multi-faceted strategy. We not only patrol and reforest HCV and HCS areas to bolster forest cover but also address the socio-economic needs of local communities, who may see these lands as untapped opportunities. The year 2023, marked by heightened deforestation pressures—possibly amplified by election-year dynamics—tested our resolve more than ever. Thus, through initiatives like the KOLEGA programmes, our Social forestry partnerships, and the flagship Bumitama Biodiversity and Community Project ("BBCP"), we strive to offer sustainable livelihood alternatives that harmonise environmental preservation with social welfare.

The BBCP stands a cornerstone of this ethos, merging our conservation efforts with the upliftment of local communities. Launched in 2017, this initiative showcases a pioneering effort to safeguard the West Kalimantan peat-swamp ecosystem, an area rich with high carbon reserves, remarkable biodiversity, and serving as a sanctuary for the critically endangered Bornean orangutans (*pongo pygmaeus*) and other endemic species. The BBCP's ambitious goal is to forge a wildlife migration corridor, strategically connecting two significant orangutan populations located in two neighbouring national parks, thus fostering their survival and genetic diversity.

This endeavor exceeds the traditional conservation efforts by embedding a robust social component at its core. A fitting example of this integration is our strategic partnership with the Institute of Agriculture Stiper ("Instiper"), which has established a training center within the BBCP's base camp. This collaboration is pivotal, as it seeks to promote the concept of conservation through agricultural improvement, introducing rural communities to advanced, scientific agricultural methodologies. By cultivating a range of sustainable practices in poultry farming, horticulture, and oil palm cultivation, we are not just diversifying income streams but also crafting a viable blueprint for conservation that aligns with local economic development needs. Hence, minimising deforestation of new lands.

The genesis of the BBCP saw Bumitama forging alliances with esteemed entities such as IDH – the Sustainable Trade Initiative, Aidenvironment, Yayasan International Animal Rescue Indonesia ("YIARI"), the PONGO Alliance, and *Balai Konservasi Sumber Daya Alam* ("BKSDA"). These collaborations have been instrumental in the holistic management of orangutan habitats, the undertaking of extensive biodiversity surveys, and the deterrence of illegal activities threatening the surrounding ecosystems. Our forest rangers, a dedicated team committed to the cause, play a vital role in this integrated approach. They not only patrol the forests and record wildlife sightings but also engage in efforts to halt illegal logging and hunting, thereby safeguarding our conservation areas.

Significant milestones of the BBCP include the development of educational jungle treks and learning centre, forest rehabilitation using drone seeding and the initiation of a collaborative fruit and vegetable farm that champions sustainable farming techniques. Furthermore, the programme has embraced paludiculture, an innovative farming practice on peatlands, led by local farmers that have been able to harvest rice from previously unproductive land, contributing to both community welfare and ecosystem balance.

To reinforce our commitment to forest rehabilitation, the BBCP has been proactive in maintaining a nursery of native plant species and collaborating with illegal loggers in the collection of seedlings and their planting. These efforts aim to restore areas impacted by fires and other forms of disturbances, enhancing the project's reforestation ambitions. In 2023, this initiative facilitated the planting of 27,000 seedlings, significantly contributing to the cumulative goal of increasing forest cover, thereby bolstering the region's capacity for CO_2 absorption. This not only aids in combating climate change but also underlines our commitment to water conservation and sustainable ecosystem management.

Moving forward, Bumitama is excited to announce the initiation of a new partnership with IDH - Sustainable Trade Initiative and *Akademi Komunitas Perkebunan Stiper Yogyakarta*. These new collaborations aim to enhance our existing programs, by broadening the scope of smallholder productivity initiatives and introducing advanced conservation techniques. These partnerships will integrate the ongoing collaboration with Instiper, using the collaborative efforts to diversify and enrich the income-generating opportunities for local communities, expanding beyond poultry and crop cultivation to more comprehensive sustainable development initiatives.

We believe that the BBCP is set to become a programme that underlines Bumitama's vision where environmental sustainability and economic welfare are interconnected. Through its activities, we aim to make a lasting impact on the landscape and set a new standard for sustainable palm oil production.

SPECIAL FEATURE

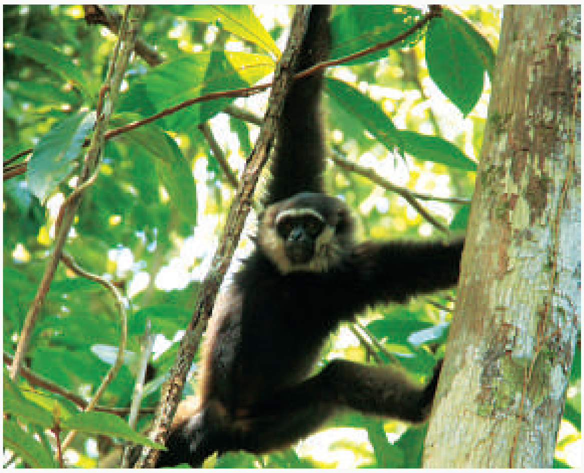
A Landmark Triumph for Nature

The intricate balance between conservation and plantation development presents a unique challenge for plantation permit holders in Indonesia. While identifying and preserving HCV and HCS areas within plantations is crucial for environmental protection, these activities can paradoxically be viewed as contraventions of the very permits. The prevailing regulatory framework mandates that permit lands be cultivated and utilised for production to generate economic benefits. Dedicating portions of these lands exclusively for conservation purposes, therefore is often interpreted as neglect or abandonment of the land. This interpretation poses a significant risk, as it can lead to penalisation through permit revocation. The consequence of such enforcement is not merely administrative but carries profound environmental implications. Revoked permits can be reallocated to others who may not share the same commitment to environmental stewardship, potentially resulting in the loss of critical ecosystems previously protected under HCV and HCS guidelines. This dynamic underscores a critical tension within Indonesian land use policy, where the imperatives of conservation and economic development are in constant negotiation.

Since launching the BBCP in 2017, Bumitama has persevered in its advocacy for the full legal protection of the area in which the BBCP is located. It has actively engaged government agencies, worked together with prominent partners in the field, and raised public awareness of the critical importance of the area for the surrounding ecology. Yet, over these years, the BBCP continued to face obstacles towards being legally recognised as a protected area.

In 2023, our persistent efforts finally paid off in a landmark victory, when the Regent of Ketapang issued the Decree No. 839/PERKIMLH-E/2023 on the Designation of Areas Providing Protection for Its Subordinate Zones, effectively providing legally-binding protection to nearly 8,000 ha of peatlands and water retention zones containing the entirety of the BBCP.

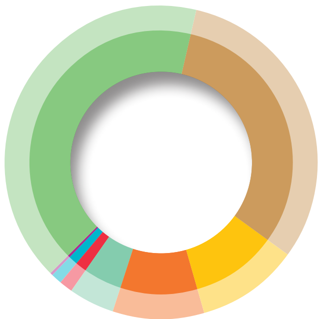
As this decree stands, all forms of resources exploitation are strictly prohibited within our conservation area, thereby providing a meaningful chance for the ecosystem and for its inherent biodiversity to recover faster. This significant legal achievement marks a critical step forward in Bumitama's ongoing mission to establish a permanent wildlife migration corridor, bringing us significantly closer to our vision of harmonious coexistence between development and nature.



EMISSIONS MANAGEMENT

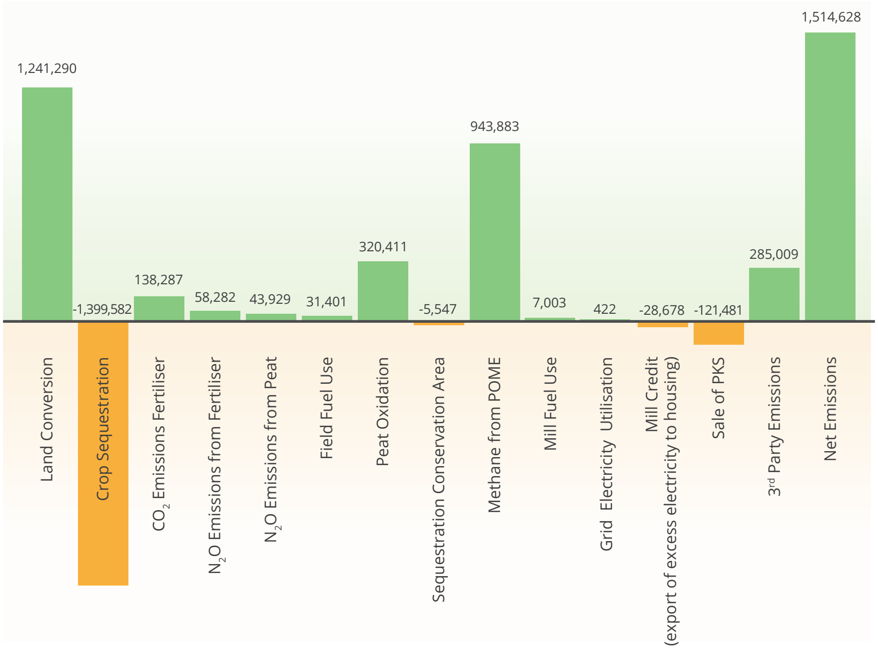
Our journey toward sustainability and reduced GHG emissions is gaining momentum, with focused efforts on mitigating emissions from two primary sources: land clearing and POME, traditionally accounting for approximately 40.4% and 30.7% of our total emissions, respectively.

Gross Emissions by type 2023 (MT CO_2e, %)



1,241,290	●	40.4%	Land conversion
943,883	●	30.7%	Methane from POME
320,411	●	10.4%	Peat oxidation
285,009	●	9.3%	Third-party emissions
138,287	●	4.5%	CO_2 from fertiliser
58,282	●	1.9%	N_2O from fertiliser
43,929	●	1.4%	N_2O from peat
31,401	●	1.0%	Field fuel use
7,003	●	0.2%	Mill fuel use
422	●	0.0%	Grid utilisation

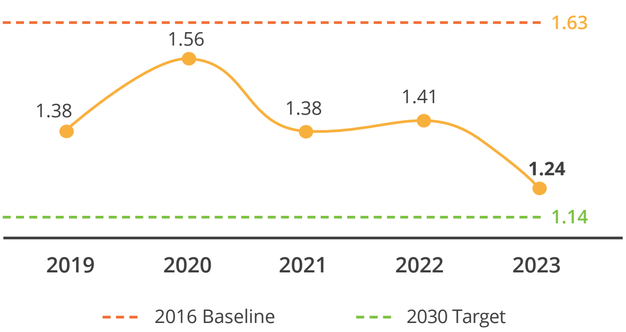
Emissions sources and sinks 2023 (MT CO_2e)



The launch of a cutting-edge biogas methane capture facility in Riau signifies a pivotal advancement, slashing total group emissions by an estimated 7% alone and generating 3MW of green electricity for the local grid. This initiative not only diminishes our environmental impact but also fosters community energy resilience. Building on this success, we are initiating the construction of another similar facility, reinforcing our commitment to a 30% reduction in GHG intensity by 2030 compared to our 2016 baseline.

Our innovative approach extends to POME treatment, employing solid separation and transforming Empty Fruit Bunches (EFB) into biocharcoal. This strategy yields rich organic material, curtailing the necessity for chemical fertilisers and further diminishing our overall emissions. Combined, these measures have already shown promising results, leading to a decrease in emissions intensity to 1.24 tonnes of CO_2 per tonne of CPO produced in 2023—a 12% reduction from the prior year.

GHG Emissions Intensity (MT CO_2e/MT CPO)



GHG Emissions and Intensity by Scope 2023

	SCOPE 1	SCOPE 2	SCOPE 3
Emissions (MT CO_2e)	1,915,784	5,325*	285,009+
Emissions Intensity (MT CO_2e/MT CPO)	1.57	0.00	0.23

* For emission factors, the Group uses the ISCC EU 205 Greenhouse Gas Emissions as reference.

\+ Estimated third party emissions are obtained from the RSPO GHG Calculator.

ENERGY MANAGEMENT & RENEWABLES

In 2023, our efforts delivered substantial results, with our energy intensity declining in two consecutive years, from 13.9 GJ/MT CPO in 2021 to 9.8 GJ/MT CPO in 2023, signifying a reduction of nearly 30%.

Energy Use

	UNIT	2021	2022	2023
NON-RENEWABLE ENERGY				
Biodiesel of the Group (B30, B35)	GJ	587,485	665,916	825,490
National Grid (PLN)	GJ	-	-	18,256
RENEWABLE ENERGY				
Shell	GJ	4,068,522	5,274,698	4,730,416
Fibre	GJ	9,968,180	7,864,193	6,428,131
Solar	GJ	-	-	404
Total Energy Consumed	**GJ**	**14,624,186**	**13,804,807**	**12,002,696**
% energy from renewable sources	%	96.0	95.2	93.0
Energy Intensity	**GJ/MT CPO**	**13.9**	**11.6**	**9.8**

Note: The categorisation of shell and fibre used in boilers was developed in 2023. Prior to 2023, energy from shell and fibre was categorised simply as "renewable energy". Values of energy from shell and fibre are estimated based on their respective calorific values.

Our two solar-powered generators located in Pundu, Central Kalimantan, produced 112,084 kWh of electricity in 2023, which the Group utilised internally. In addition, as part of our partnership with the Indonesian State Power Company (PLN), we have connected our electricity system with the national grid operated by PLN, a strategic move that has helped us reduce emissions from utilisation of diesel generators. Additionally, we were able to provide stable source of electricity to our workers in our premises.

Bumitama is not only at the forefront of nutrient recycling but also a pioneer in reducing waste to its bare minimum. Our commitment is reflected in our ambitious efforts to recycle and repurpose organic byproducts and responsibly manage hazardous waste. The data shown indicates the substantial quantity of organic waste we have successfully converted into recyclable materials—over 2.2 million metric tonnes—demonstrating our dedication to circular economy principles.

Total Waste Generated

TYPE	TOTAL (MT)
Recyclable/Reusable Waste	
– Palm fibre	649,561
– Palm kernel shell (PKS)	334,421
– Empty fruit bunches (EFB)	1,213,350
– Boiler ash	33,301
Hazardous Waste Sent to Disposal	
– Solid	22
– Liquid	54
Total waste generated	**2,230,709**

FIRE CONTROL

Fires in and around our estates have long been a challenge that Bumitama has been contending with. It is with this persistent effort in mind that we have set an ambitious goal: achieving zero fires within our planted and conservation areas by 2025, a commitment highlighted as one of the Triple Zero Targets (see page 27).

The threat fires pose to our operations, biodiversity conservation, and the overall well-being of our employees and surrounding communities cannot be overstated. In our stride towards mitigation, we uphold a strict zero-burning policy for all plantation activities and avoid acquiring land intentionally burnt after 2015. Similarly, we do not accept FFB sourced from newly burnt lands, aligning with our upgraded Sustainability policy.

In our endeavour to achieve our targets, Bumitama has adopted innovative technologies and methods for fire prevention and mitigation. This includes intelligent weather stations for advanced fire risk analysis and utilising drones for real-time hotspot monitoring. Our fire reporting and quick response procedures are continuously being enhanced, ensuring rapid extinguishing. Each fire season is met with proactive preparation, which involves increasing the number of fire supervisors, establishing joint patrol posts with local and governmental partners, and mobilising the community through *Desa Bebas Api* and *Masyarakat Peduli Api* programmes. These efforts, marked by the 31 *Desa Bebas Api* MoUs that we signed, have been proven effective in curtailing burn incidents and encourage sustainable land management practices.

Our hotspot monitoring system vigilantly tracks fire risks across our concessions and a further 2-km radius beyond, enabling prompt fire detection and action. Despite these rigorous measures, we encountered 151 fire incidents taking place on nearly 666 ha of land. All these fires originated from community land-clearing activities, and were successfully and promptly extinguished.

Our uphill battle in this respect has only emboldened our commitment to amplify our fire prevention and response strategies, deepen fire risk monitoring, and expand our collaboration with communities and partners. Our aim is clear; to mitigate the impact of fires on our operations and the environment.

Fire Prevention and Mitigation

	2019	2020	2021	2022	2023
Total confirmed fires (no.)	314	76	97	35	151
Total planted area burnt (ha)	778.9	0	0	6.5	180.2
Total unplanted area burnt (ha)	969.5	47.8	96.6	21.4	95.4
Total conservation area burnt (ha)	-	-	-	5.9	390.0

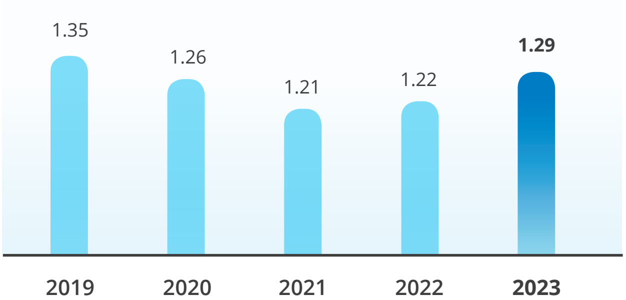
WATER STEWARDSHIP

At Bumitama, our operations are intimately linked with water. We harness river water for our mill operations and collect rainwater in reservoirs, earmarked for firefighting and emergency uses. Beyond operational needs, this vital resource is repurposed to sustain our residential areas, communities, and myriad of operational needs.

In our quest for sustainability, Bumitama strives to improve water usage efficiency across all facets of the business, including housing and office facilities. Recognising the pivotal role of clean and safe water, we are committed to preserving this precious resource. Our stewardship extends to regular assessments of water quality and quantity, ensuring that all POME is treated to the highest standards before discharge. This diligent oversight not only safeguards our natural waterways but also supports the well-being of our communities, wildlife, and aquatic ecosystems.

In 2023, Bumitama's total water usage was 6,938,493 cubic metres (m^3). Despite strides in efficiency and optimisation withing our mill processes, we observed a slight increase in water usage intensity to 1.29 m^3/MT FFB processed, about 6% higher than in 2022.

Mill Water Usage Intensity (M^3/MT FFB)



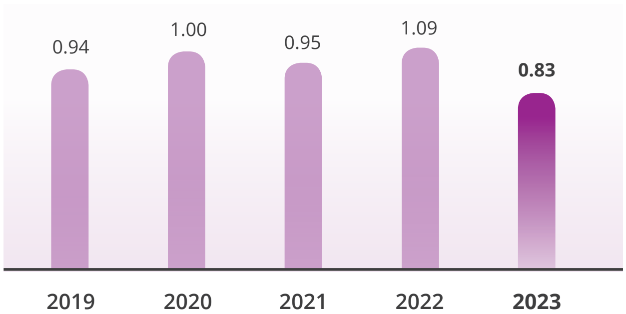
CHEMICAL USE REDUCTION

With an unwavering commitment to environmental health, Bumitama has been progressively minimising the environmental impact of chemicals and pesticides. Our stringent policies exclude the use of WHO Class 1A and 1B pesticides and any other substances banned by international conventions. We ensure safe handling of chemicals by training employees and providing appropriate personal protective equipment, with extra precautions for vulnerable groups.

Our approach to pest management employs integrated pest management ("IPM") techniques, prioritising natural and mechanical controls to maintain ecosystem balance and consequently reduce reliance on pesticides. We have successfully been utilising barn owls as natural means of controlling rat population, significantly reducing the need for rodenticides. By the end of 2023, 94.6% of all our estates achieved rodenticide-free status, perfectly aligning with our target.

Furthermore, we fastidiously monitor the toxicity levels of the fertilisers and pesticides we use, opting for safer alternatives, while also minimising chemical use through our healthy soil programme. This programme incorporates organic materials—such as leguminous cover crops, or utilising byproducts from production wastes, in the form of compost from POME and EFB, or biochar produced from husk and EFB—to enhance soil quality. These initiatives in 2023 successfully reduced our inorganic fertiliser usage to 0.83 MT per ha, a sharp 24% reduction from 2022 level. Not only this approach benefits the soil and in turn the ecosystem, but it also makes the Group less dependent on fluctuations of inorganic fertiliser supply and prices, which was particularly evident during the height of the COVID-19 pandemic lockdowns and intensifying geopolitics in the Black Sea Region.

Inorganic Fertiliser Usage (MT/ha)



PEOPLE AND COMMUNITIES

SOCIAL ENGAGEMENT AND EMPOWERMENT STRATEGY

Bumitama's approach to social empowerment is deeply rooted in the philosophy of encouraging communities to be self-reliant, rather than merely providing financial or material assistance. Our core strategy for social engagement has matured throughout the years from providing relief and monetary assistance to crafting a more sustainable model where education takes centre stage. This strategy is further supported by two pillars, namely economic empowerment and environmental responsibility.

This approach is brought to life through a series of programmes aimed at improving the skills, knowledge, and economic conditions of the communities we engage with. One of the standout initiatives is our "*Bumitama Berdaya*" umbrella programme. It embodies Bumitama's commitment to community development through direct engagement and education, extending beyond simple donations to more practical, hands-on support for communities. For instance, Bumitama has been proactive in teaching local communities about integrated farming, crucial for maximising agricultural output while maintaining ecological balance. This initiative is critical in areas close to conservation zones, where community activities may pose adverse environmental impacts. Further details on *Bumitama Berdaya* can be found on the following pages.

Bumitama's social engagement strategy involves collaboration with educational institutions and experts. We partner with them to provide communities with valuable technical assistance and best agricultural practices that boost productivity and ensure sustainability. As we empower these communities with what they need to start and scale up their businesses, we have also fostered an internal market for community products within Bumitama's operations. This provides reassurance to the communities around our operations, as a steady demand for their produce from Bumitama brings in a consistent source of income.

Bumitama has made further strides in enabling communities to become independent suppliers, with some of their products are now available in the regional supermarkets' shelves. This shows our success in fostering economic growth within these communities, and beyond that, in integrating them into broader market systems.

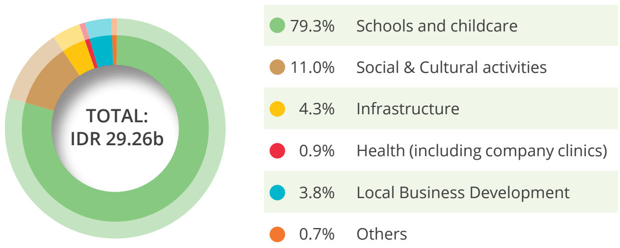
SOCIAL FORESTRY PROGRAMME

Bumitama's Social Forestry scheme—where we nurture indigenous capabilities in harmony with nature to create sustainable economic value—illustrates our innovative approach to combining social and environmental objectives.

In our Social Forestry initiatives, we provide land allotments to members of the community for economic uses through cultivation of Non-Timber Forest Products ("NTFP"), guided by principles of sustainability. By utilising already designated plots, rather than expanding into new lands, local populations benefit economically and deterred from encroaching upon key biodiversity and other ecologically-important areas.

A major achievement in our Social Forestry initiative in 2023 was witnessed in West Kalimantan, with the planting of 9,000 fruit-bearing tree seedlings in three Village Forests by around 160 local community members participating in 12 Social Forestry Business Entities (*Kelompok Usaha Perhutanan Sosial*—KUPS).

CSR Expenditure 2023 (%)



CORPORATE SOCIAL RESPONSIBILITY – *BUMITAMA BERDAYA*

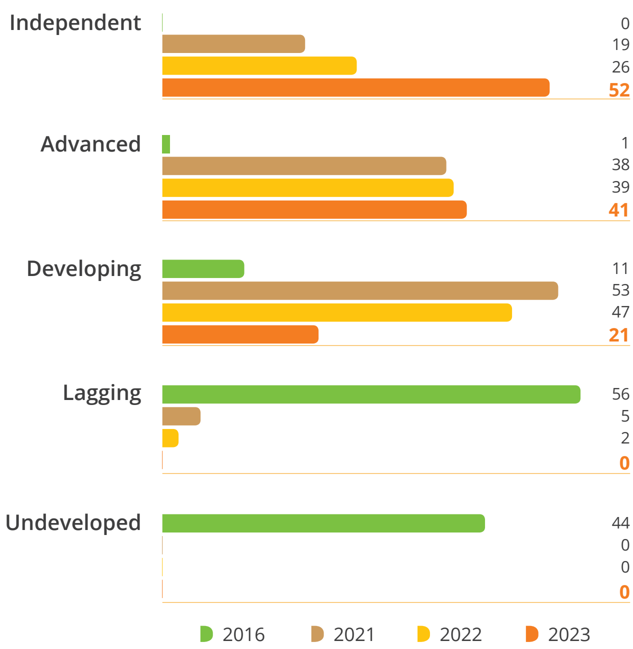
The Group's dedication to creating a sustainable future has been articulated in the *Bumitama Berdaya* programme for community economic empowerment. Through this umbrella initiative, the Group enacted support and empowerment for the communities around its estates, fostering increased self-reliance. The programme encompasses various sustainability aspects, emphasising social and environmental responsibility alongside business achievements. In 2023, the programme touched upon the following aspects:

- ***Berdaya Pendidikan:*** Enhancing educational access and quality around the Group's operations, aligning with UN SDG 4 (Quality Education) by improving learning infrastructure and teacher quality.
- ***Berdaya Desa Sejahtera***: Aims to foster villages to reach higher levels of prosperity by supporting infrastructure, empowerment, and economic capacity, directly contributing to UN SDG 11 (Sustainable Cities and Communities).
- ***Berdaya Ekonomi:*** Augments local economies by providing resources and market access to independent palm oil smallholders and small enterprises, consistent with the stated aims of UN SDG 8 (Decent Work and Economic Growth).
- ***Berdaya Kemanusiaan:*** Offers aid in crises like natural disasters, addressing UN SDG 3 (Good Health and Well-being) by contributing to social welfare in the surrounding communities.
- ***Berdaya Lingkungan:*** Promotes environmental sustainability and adopts ecological agricultural practices, among others via reforestation, in support of UN SDG 15 (Life on Land).
- ***Berdaya Kesehatan:*** Improves access to healthcare services and organises health campaigns, to help achieve the targets of UN SDG 3 (Good Health and Well-being).

BERDAYA DESA SEJAHTERA: BOOSTING COMMUNITY RESILIENCE

This programme aims to enhance villagers' welfare through infrastructure development, promotion of social and cultural activities, environmental conservation, and leadership skills training. With this initiative, the Group initiates collaboration with key parties to make meaningful contribution to SDG 11 (Sustainable Cities and Communities). Numerous beneficiaries, including many oil palm farmers, have received critical support from Bumitama, enhancing their prospect for obtaining sustainable palm oil certifications. To quantify progress, the Group employs the independent Village Development Index (*Indeks Desa Membangun*), which has shown vast improvements since evaluation began in 2016.

Village Development Index



Note: number of villages assessed on an annual basis may vary

BERDAYA EKONOMI: KOLEGA PROGRAMME

The *Komunitas Lingkungan Eksternal Binaan BGA* ("KOLEGA") programme—previously known as Income Generating Activity ("IGA")—is central to Bumitama's strategy for fostering local economies and establishing sustainable partnerships. Its scope extends to capacity building, legal and financial assistance, and market access for independent palm oil farmers and small businesses.

As of the end of 2023, KOLEGA had successfully engaged 39 groups across 25 villages, involving 280 local community members, and collectively achieving more than IDR 3 billion in revenue. This initiative has supported community businesses, ranging from chicken farms and fisheries to horticulture and homemade snacks, improving their production capabilities and revenues beyond the achievements of 2022.

BERDAYA PENDIDIKAN: MENTORING FOR BPDPKS SCHOLARSHIP

In partnership with *Akademi Komunitas Perkebunan Yogyakarta* ("AKPY"), Bumitama initiated a mentorship programme to facilitate students' access to the Indonesian Palm Oil Plantation Fund Management Agency ("BPDPKS") scholarship for aspiring talents in the palm oil industry. By 2023, a total of 438 students had benefited. Through this one-of-a-kind programme, Bumitama provided mentoring and support to 64 of the scholarship recipients over two years, with 8 graduates subsequently joining various sections within the Group's operations.

BUMITAMA SCHOOLS

The Bumitama Foundation provides quality education for local communities, from early childhood to high school level. This programme ensures our employees can concentrate on their tasks at work, while their children receive exemplary education and care in our childcare centres and schools. Bumitama provides infrastructure assistance for the schools, as well as ample instructional materials for teachers and students alike.

Bumitama Schools

	2019	2020	2021	2022	2023
Schools	38	38	39	39	41
Teachers	315	300	305	327	336
Students	5,167	5,281	5,201	5,456	5,901

The number of Bumitama Schools over the years has increased to 41 by the end of 2023. All schools participate in the Indonesian government's *Adiwiyata* (green school) programme, with 13 recognised at the district level or above. Currently, 336 teachers are employed across our estates, spearheading Bumitama's education-centred and sustainability-focused initiatives, providing education to a total of 5,901students.

Since its establishment in 2013, Bumitama vocational schools had seen 502 graduates. Roughly two-thirds of them found employment with the Group or elsewhere, with the rest enrolling to university or becoming entrepreneurs.

Vocational School Graduates

SCHOOL YEAR	MAJOR			EMPLOYEE AFFILIATION		POST GRADUATION STATUS		
	ACCOUNTANCY	AGRONOMY	TOTAL	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	-
2020/2021	19	28	47	15	32	1	46	-
2021/2022	27	27	54	20	34	1	51	2
2022/2023	33	24	57	35	22	5	51	1
Total	**262**	**240**	**502**	**210**	**292**	**68**	**364**	**70**

* Including family farms, freelance entrepreneurs, and self-employed

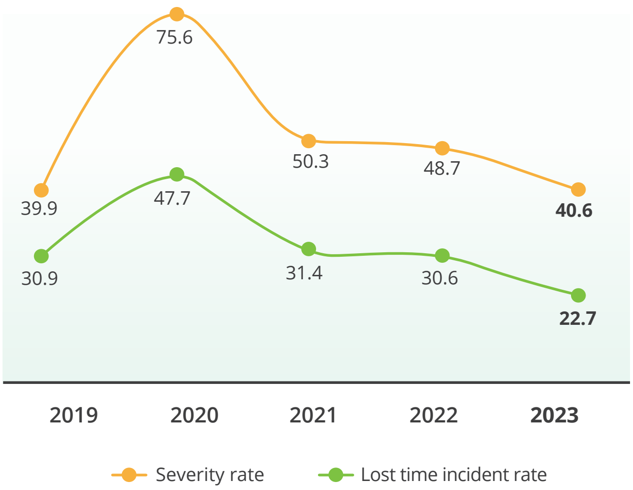
SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY REPORT

HEALTH AND SAFETY

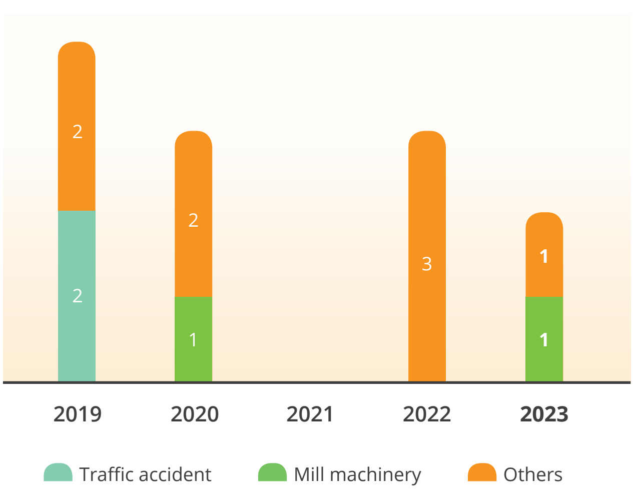
Bumitama's sustainability vision encompasses not only environmental stewardship and social engagement, but also prioritises the health, safety, and well-being of our workforce. From field workers to top-level executives, each individual plays a critical role in the various stages of palm oil production and its delivery to customers, making them indispensable for Bumitama in upholding our high productivity and sustainability standards. Our workforce-related initiatives are aimed at improving working conditions, providing comprehensive safety training, and implementing programmes to minimise health risks and prevent workplace accidents.

A healthy and safe working environment is vital for maintaining the operational efficiency and productivity that shape Bumitama's success and cost-competitive advantage. Aiming for zero fatal accidents, and a reduction in accident severity and frequency is thus part of our TZT Programme. Through more stringent implementation of health and safety procedures across our operations we managed to reduce our severity rate significantly from 48.7 in 2022 to 40.6 in 2023, while the lost time incident rate decreased from 30.6 to 22.7 over the same period. Despite our utmost effort, we regrettably recorded two fatalities and three high-consequence injuries, in a total of 5,670 recordable injuries. We have also started recording and analysing any work-related ill health cases, however the results from 2023 are still inconclusive.

Accidents



Fatalities (number)



Notes:
1. Lost time incident rate: recordable injuries x 1,000,000 / total working hours
2. Severity rate: total days lost x 1,000,000 / total working hours
3. Accident reporting covers all Bumitama employees and associated contractors

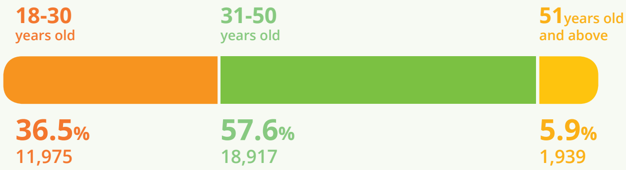
NON-DISCRIMINATION AND DIVERSITY

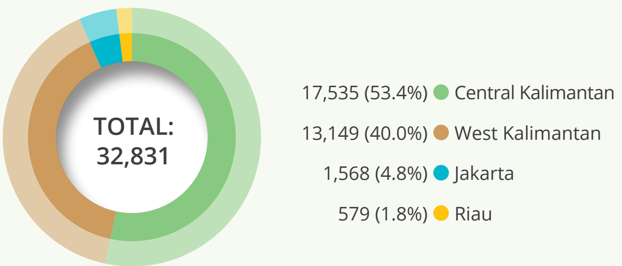
Our commitment to uphold the health and safety of our workforce is complemented by a focus on employee's welfare, aligning with international labour standards and meeting the ethical expectations of customers and stakeholders. By fostering a culture of safety and respect, we enhance employee satisfaction and loyalty with meticulously devised employee engagement programmes. They have proven crucial for attracting and retaining skilled workers in a competitive industry like ours.

We are committed to diversity and non-discrimination in our workforce. We strive to create a female-friendly environment and actively work towards are recruiting and retaining female workers, bringing them to an equal footing with their male colleagues. Our Gender Committee oversees efforts to address key issues such as the gender pay gap and adequacy of facilities for pregnant women and nursing mothers at our premises.

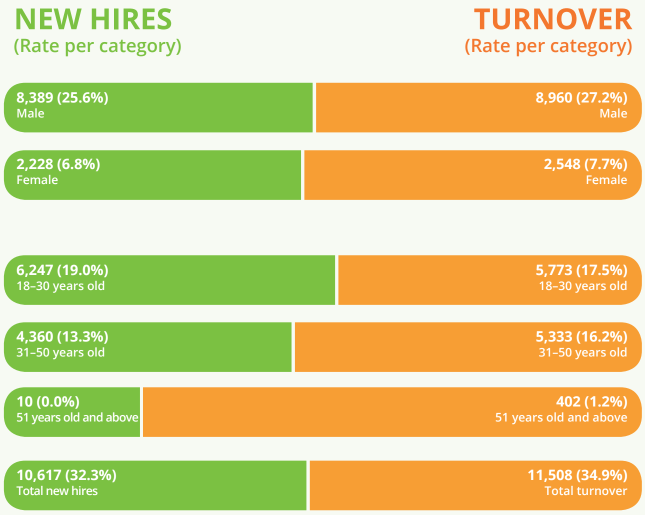
As at the end of 2023, women comprised 28.7% of our workforce. Our Board of Directors includes one female member (representing 14.3% of total), and our Senior Management team includes five female members (9.1% of total).

Current Employees by Age Group and Region





New Hires and Turnover by Gender and Age Group



COMPETENCE DEVELOPMENT & TRAINING

Bumitama is dedicated to developing talent and enriching skills to meet the industry's evolving challenges, fostering culture of compliance and mindset of innovation. In 2023, more than 50,000 training hours were held across the Group, involving a total of 4,216 employees, resulting in an average of 9.9 hours of training per male employee and 7.0 hours per female employee.

SUPPLY CHAIN AND RESPONSIBLE SOURCING

SMALLHOLDERS

Bumitama's strategy for sustainable palm oil production centers on forming dynamic partnerships with smallholders. The land under plasma partnerships represents 30.2% of our total plantation area, significantly exceeding the 20% benchmark set by regulations. Beyond adhering to government schemes, we also closely collaborate with external suppliers—who provide 1,664,401 MT of the fruit processed in our mills—to ensure the principles of responsible sourcing are deeply ingrained in our operations. Our goal is to embed these partnerships within our broader initiatives, aiming to drive socio-economic growth in the rural communities we serve, thereby ensuring shared progress and prosperity. This approach not only propels our sustainable development objectives but also strengthens our ties with the communities integral to our success.

CERTIFICATION

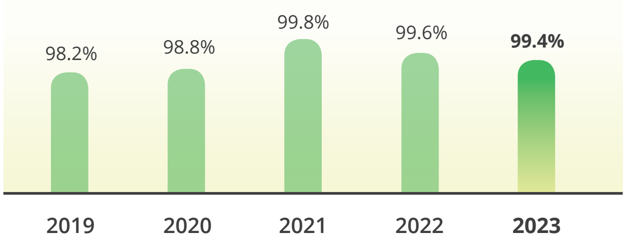
Gaining and maintaining certification remains a top priority for Bumitama, extending to our plasma and external smallholders. On our continuous path toward sustainability, in 2023 we have completed certification for one mill and its supply base, with additional one mill pending the issuance of audit report. As of the end of 2023, a total of 9 mills have obtained RSPO certificates, covering 79,414 ha, or 57% of our existing HGU areas, marking a 19% increase year-over-year. In our certification programme, Bumitama is following the RSPO timebound plan, firmly committed to achieving full certification by 2025. This progress is a critical step in our journey to uphold the standards of environmental and social responsibility in our operations.

	2019	2020	2021	2022	2023
RSPO Certificates	7	8	8	9	9
RSPO-Certified Area (ha)	50,714	56,433	56,433	66,761	79,414
CSPO & CSPK Volume (MT)	223,986	236,962	235,111	288,129	346,466

TRACEABILITY

Bumitama aimed to complete the mapping sources for all FFB processed by our mills, achieving 100% traceability by 2023. However, owing to the new sources supplied through third parties, our traceability only reached 99.4%. Efforts are underway to resolve these challenges, aiming for 100% traceability in 2024.

Traceability to Plantation



With the upcoming implementation of the European Union Deforestation Regulation ("EUDR"), with its particular focus on sustainability and traceability requirements, palm oil producers are presented with both challenges and opportunities, in light of which Bumitama, as a committed player in the palm oil industry, is taking proactive measures to comply with the new regulation.

We are closely monitoring the development of the EUDR and are placing particular attention on its impact on smallholders. To address this, we have conducted an internal readiness assessment and have developed a comprehensive plan to ensure that we can provide EUDR-compliant products to our buyers. Our approach includes enhancing our traceability systems to meet the stringent requirements of the EUDR, ensuring that we can trace our palm oil back to its source with precision.

While there remains much uncertainty, particularly regarding the demand for EUDR-compliant products from buyers who may prefer to use palm oil products from their own plantations, the Group will ramp up its preparedness for any requests for compliant products. This commitment extends to supporting our smallholders through this transition. Our proactive measures and strategic planning are geared towards ensuring that we can continue to support our smallholders and provide our buyers with EUDR-compliant palm oil, contributing to a more sustainable and deforestation-free future.

COMPLAINTS MANAGEMENT

Bumitama maintains an open stance towards grievances submitted by stakeholders, who may do so through our established structure. Our complaint management system facilitates submissions through multiple channels, including whistleblowing mechanism, employee Quick Response Services, social media, NGO reporting, and other regular media. We ensure prompt and thorough action on grievances from both internal and external sources.

RSPO Complaint Cases

NUMBER OF CASES	2019	2020	2021	2022	2023
Active	2	1	1	1	1
Closed	5	6	7	7	8
Total	7	7	8	8	9

GOVERNANCE AND ACCOUNTABILITY

COMPLIANCE CULTURE

Upholding integrity and ethical conduct in all business operations is a top priority for Bumitama. We adhere strictly to all relevant laws and regulations, including those pertaining to anti-competitive, corrupt, or fraudulent practices. Our robust policies and proactive stance underscore our dedication to fostering a transparent, fair, and competitive business environment.

To ensure ethical and transparent operations, we have instituted a comprehensive compliance framework prohibiting any forms of corruption, fraud, or anticompetitive behaviour, applicable to employees at all levels. Regrettably, 11 confirmed cases of fraudulent activities were reported in 2023, leading to decisive actions against the involved employees, reflecting our zero-tolerance policy towards such misconduct. These incidents included 2 cases of larceny, 1 case of bribery, 4 instances of illegal gratuities, and 4 cases of fraudulent disbursement.

Preventing corruption through education and training is a key strategy for Bumitama. In 2023, we held 67 anti-corruption training sessions, for a total of 1,630 participants, reinforcing or commitment to instilling ethical values across our organisation. Anti-corruption policies and procedures are communicated to all new hires, setting clear expectation for ethical behaviour from the outset of their employment.

Bumitama's rigorous approach to compliance and our efforts to cultivate an ethical corporate culture reflect our commitment to conducting responsible business, with unwavering integrity, and in compliance with the regulations of the Republic of Indonesia, where our estates and mills are located, and the provisions of the SGX.

A more in-depth report of the Group's governance practices and accountability is presented in the following Corporate Governance chapter.

The Sustainability Steering Committee of Bumitama Agri Ltd. (BAL) has tasked the Internal Audit team with ensuring the integrity of the 2023 Sustainability Report. The goal of this assignment is to affirm for external stakeholders the accuracy, reliability, and objectivity of the information disclosed within the Report, ensuring it comprehensively addresses the issues most material to both the business and its stakeholders. The scope of the audit included reviewing sustainability performance metrics, focusing on BAL's management approach to the material issues as well as the ESG performance indicators related to NDPE, GHG emissions, Fire mitigation programme, Occupational Health & Safety, Traceability, Human capital, Children's rights & education, and the Group's CSR programmes.

CORPORATE GOVERNANCE

Bumitama Agri Ltd. (the "Company" or "Bumitama") and its subsidiaries (the "Group") recognises the importance of and is committed to upholding 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 ensures alignment with the development and changes in the Code of Corporate Governance 2018 (the "Code") as well as inputs from stakeholders. The Company has achieved substantial compliance with the principles and guidelines set out in the Code, where they are applicable, relevant and practicable. In instances where a principle and/or guideline has not been fully met, an explanation has been provided.

This report sets out Bumitama's key corporate governance practices and activities in 2023, demonstrating adherence to the Code and embodying the Group's cultural pillar of morality, capability and integrity and its code of ethics, which are encapsulated in the Company's code of conduct policy, business ethics and anti-corruption policy.

ACHIEVEMENTS

The Company was accorded 4 awards from Asiamoney Corporate Governance Poll 2023 under the categories of Overall Most Outstanding Company in Singapore, Best for ESG in Singapore, Most Outstanding Company in Singapore – Small/Mid Cap sector, and Most Outstanding Company in Singapore – Consumer Staples sector. Additionally, The Edge Singapore – Centurion Club Awards 2023 recognised Bumitama with the Highest Growth in Profit After Tax Over Three Years in the Food & Beverages + Retailers sector. Bumitama also won RSPO – Conservation Leadership Award on its conservation programme in November 2023. Please find more details on page 20.

(A) BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board's primary role is to safeguard and foster long-term value and returns to its Shareholders. Board members are obligated 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:

- Formulating corporate strategies, financial objectives and direction for the Group;
- Promoting effective management leadership of the highest quality and integrity;
- Monitoring the Group's adherence to code of conduct and business ethics;
- Overseeing and evaluating the adequacy and effectiveness of the internal audit, risk management, financial reporting and compliance processes; and
- Upholding high standards of corporate governance for the Group.

The Board has set up a framework of prudent and effective internal controls, enabling risk assessment and management, evaluating Management's performance, establishing the Company's values and standards, and ensuring that the Company's obligations to Shareholders and other stakeholders are met, with decisions made objectively and in the interest of the Company and its Shareholders.

To facilitate effective management and assist the Board, certain functions have been delegated by the Board to various Board Committees namely: Audit Committee ("AC"), Remuneration Committee ("RC"), Governance & Nominating Committee ("GNC"), and Conflicts Resolution & Enterprise Risk Management Committee ("CRERMC"), each operating under clearly defined terms of reference.

Acknowledging the importance of Environmental, Social, and Governance ("ESG") issues, Sustainability Steering Committee ("SSC") was established on 10 May 2022, tasked with integrating sustainability into the Group's business model. The SSC, comprising the Group Executive Chairman & Chief Executive Officer ("CEO"), non-executive director, Chief Operating Officer ("COO"), Chief Financial Officer ("CFO"), Chief Sustainability Officer ("CSO"), and senior management of the Group. The SSC is responsible for overseeing social and environmental risk management strategies and ensuring compliance with social and environmental responsibilities and commitments, including the Group's Climate risk management strategy. Additionally, the SSC oversees sustainable development responsibilities and supports the Board in setting high level direction and strategic focus on sustainable business models within the Group.

The Board Committees, chaired by Independent Non-Executive Directors (also known as Independent Director) and composed entirely of Independent Directors save for SSC, are guided by specific terms of reference set and approved by the Board. They have the authority to examine any issues within their remit and advise the Board with recommendations. Ultimately, the Board retains full responsibility and decision-making authority. Details of the scopes, responsibilities, and functions of the various Board Committees are set out in this Report and are as follows:

CORPORATE GOVERNANCE

BUMITAMA'S GOVERNANCE FRAMEWORK

BOARD OF DIRECTORS

CHAIRMAN & CEO

GROUP / COMPANY SECRETARY

Committee	Committee Members	Key Responsibilities
Audit Committee	**Chairman:** Lim Hung Siang **Members:** Lawrence Lua Gek Pong Witjaksana Darmosarkoro	– Assist the Board in discharging its statutory and additional responsibilities – Evaluate the adequacy and effectiveness of the Company's Financial Control and internal control system and supervise the internal audit function – Oversee both internal and external audit processes, financial reporting and compliance with corporate governance standards – Evaluate the external auditor's adequacy, independence and performance
Governance & Nominating Committee	**Chairman:** Witjaksana Darmosarkoro **Members:** Lim Hung Siang Lawrence Lua Gek Pong	– Review the Board's structure, size and composition of the Board and Board Committees – Review all Board's appointments, re-appointment, and directors retirement – Establish diversity targets for the Board, monitor within reasonable timelines and review the progress periodically – Determine and confirm annually the independence of directors – Review each director's ability to adequately carry out his/her duties and identify any training needs – Evaluate and assess Board's performance and adopt appropriate measures/improvements as necessary – Review the Board and key management's succession planning
Remuneration Committee	**Chairman:** Lawrence Lua Gek Pong **Members:** Lim Hung Siang	– Review and recommend a remuneration framework for the Board and key management personnel – Review remuneration packages, ensuring alignment with the Group's remuneration guidelines
Conflicts Resolution & Enterprise Risk Management Committee	**Chairman:** Witjaksana Darmosarkoro **Members:** Lawrence Lua Gek Pong Lim Hung Siang	– Evaluate adequacy and relevancy of the potential conflicts of interest protocols annually – Receive and review quarterly report from internal auditors on potential conflicts – Determine and set the Group's overall levels of risk tolerance and oversee the risk management framework and its policies – Review and provide oversight on the enterprise risk management framework and significant risk exposures – Review the Group's sustainability risk framework and its approach to ESG factor management and climate-related disclosures
Sustainability Steering Committee	**Chairman:** Witjaksana Darmosarkoro **Members:** Mubarak Ahmad, Johan Puspowidjono, Lim Sian Choo **Advisors:** Lim Gunawan Hariyanto, Dato' Lee Yeow Chor, Roebianto & Eddy Kurniawan **Secretariate:** Deputy Head of Sustainability & CSR and Corporate Secretary Specialist	– Oversee the Group's sustainability performance and compliance with relevant regulatory requirements and international standards – Develop new ESG related programmes, including in regards with the Group's Climate risk management strategy – Review Group's Sustainability Policy and supervise integration of ESG into long-term planning – Monitor and provide recommendations on emerging sustainability issues – Monitor and ensure efficient functioning of the Group's grievance mechanism – Report to the Board quarterly on sustainability progress update and biennially for approval of Group's Sustainability Report

CORPORATE GOVERNANCE

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 the first and third quarters 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 provides 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 exchange views outside the formal environment of Board meetings.

The Board met four times during the financial year ended 31 December 2023 ("FY2023"). The attendance of each Director at the Board and Board Committees Meetings for FY2023 was as follows:

	Board	AC	RC	GNC	CRERMC
Number of Meetings Held	4	4	1	1	2
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	3[1]	NA	NA	NA
Dato' Lee Yeow Chor	4	3[1]	NA	NA	NA
Lee Lap Wah George[2]	4	4	1	1	2
Lim Hung Siang	4	4	1	1	2
Lawrence Lua Gek Pong	4	4	1	1	2
Witjaksana Darmosarkoro	4	4	NA	1	2

NA: Not Applicable

1. Attendance by invitation of the Committee.
2. Resigned as an Independent Director of the Company with effect from 26 February 2024.

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 a conflict of interest, the concerned directors will recuse themselves 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"), of which the Company is a corporate member, Institute of Singapore Chartered Accountants and SAC Capital. Directors are briefed on the strategic, business and industrial development of the Group at each board meeting by the Chairman and 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 FY2023, all of the Independent Directors and the Non-Executive Director visited the Company's plantations in West Kalimantan, Indonesia in July 2023.

The Company encourages Directors to participate in development programmes especially technology development in palm oil industry and sustainability training course, 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 borned by the Company.

To reinforce the Board's effectiveness in addressing climate-related risks and impacts, all members have completed sustainability training mandated under the enhanced SGX-ST Sustainability Reporting Rules, equipping them with crucial insights for informed governance in this regard. The CEO, supported by the CSO and various departments, is tasked with the operational management of climate-related issues, as delegated by the Board. This includes conducting a comprehensive study to assess the Group's climate-related risks and opportunities, further aligning the Group's strategic direction.

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

- YPO Indonesia Chapter – Best practices for hiring and growing top-performing employees
- SID - Megatrends Shaping the Future of Boards
- SID - Nominating and Remuneration Committee and Talent Management
- CEO Action Network (CAN) Nature Retreat 2023
- Forbes Global CEO Conference
- Joint Committee on Climate Change (JC3) Journey to Zero Conference 2023
- 2023 Smallholder Workshop – Council of Palm oil Producing Countries (CPOPC)
- The 2nd Sustainable Vegetable Oil Conference 2023
- Indonesia Palm Oil Conference, *Gabungan Pengusaha Kelapa Sawit Indonesia* (GAPKI – IPOC 2023)
- Malaysia Palm Oil Board (MPOB) International Palm Oil Congress and Exhibition (PIPOC 2023)
- ESG Evolve 2023 Transformative Innovations for Sustainable Business

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"), and 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 an industry 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 excluding Executive Committee 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 six members and half 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 31.12.23
Lim Gunawan Hariyanto	Executive Chairman	–	–	–	–	11.8
Lim Christina Hariyanto	Executive Director	–	–	–	–	6.6
Dato' Lee Yeow Chor	Non-Executive Director	–	–	–	–	11.8
Lim Hung Siang	Lead Independent Director	Chairman	Member	Member	Member	5.6
Lawrence Lua Gek Pong	Independent Director	Member	Chairman	Member	Member	4.3
Witjaksana Darmosarkoro	Independent Director	Member	–	Chairman	Chairman	2.5

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 needed, 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 an aggregate period of more than nine years (whether before or after listing) from the date of their first appointments.

Views and opinions of Non-Executive Director and Independent 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 Director and Independent 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 Directors communicate 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 Directors should make up a majority of the Board. With 1 Non-Executive Director and 3 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. Nonetheless, the GNC will source for a suitable candidate to be appointed as Independent Director in order to comply with provision 2.2 of the Code.

The Board periodically conducts a review of its size and composition of the Board which comprise members of both genders and from different backgrounds. This diversity in core competencies, qualifications, skills and experiences ensures that the Board continues to meet the needs of the Group and maintains its effectiveness.

The Board adopted a Group Diversity Policy with measurable objectives identified in particular Board diversity aspects such as 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 background in technical, legal, financial, engineering, management and audit fields 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 and insights. This enables the Board to discharge its duties and responsibilities effectively, support good decision making regarding 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 16 to 17 of this Annual Report.

For achieving an optimal Board, additional measurable objectives/specific diversity targets may be set and reviewed from time to time to ensure their appropriateness. Such factors will be considered by the Company based on its business model and specific needs and the ultimate decision will be based on merit, value and contribution that the selected candidates will bring to the Board.

The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain as priority. In addition to ensuring a balanced composition of skills and experience at the Board, the following has been deliberated:

(a) Gender diversity

The Company will make a concerted effort to have two female directors on the Board over the next 5 years starting from year 2023. It is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. This principle also applies to the selection of potential candidates for appointment to the Board in order to attract and retain women participation on the Board;

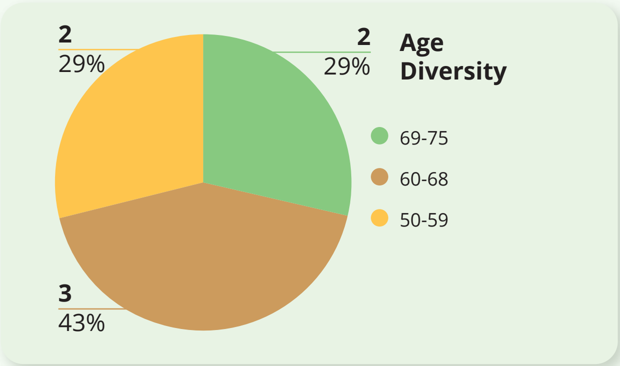
(b) Age diversity

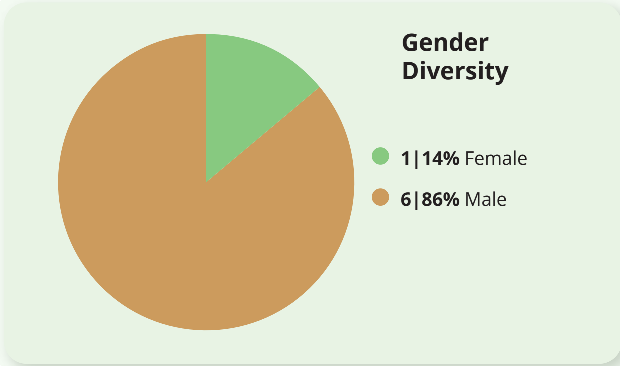
The Company does not set any specific target for the boardroom age diversity but will work towards having appropriate age diversity in the Board, if opportunity arises. It does not fix an age limit for its Directors given that such Directors are normally reputed and experienced in the corporate world and could continue to contribute to the Board in steering the Company. The Board is fully committed in promoting age, diversity, valuing the contribution of its members regardless of age, and seeking to eliminate age stereotyping and discrimination on age; and

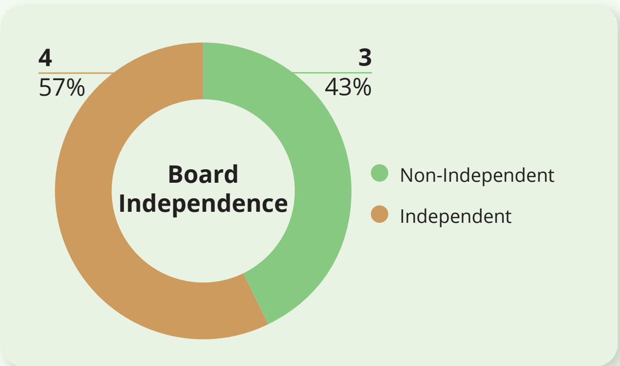
(c) Ethnic diversity

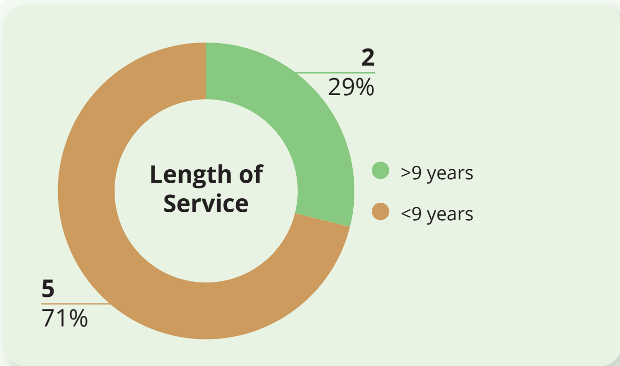
The Company does not set any specific target for ethnic diversity in the boardroom but will endeavor to have a board that reflects a suitable mix of ethnic backgrounds, if opportunity arises. Without bias towards any ethnicity, provided that the individual is well-known and has experience in the business sector which the Group is operates in and can continue to make contributions to the Board, regardless of their ethnic background.

The following charts set out the Company's Board diversity indicators as at the end of FY2023:

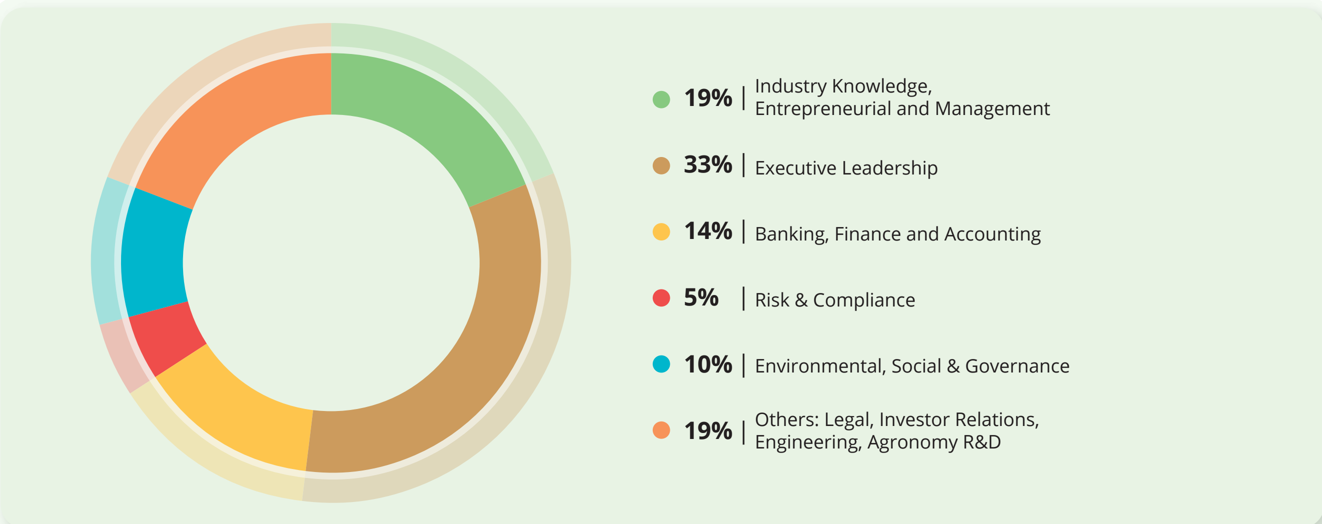








The following is the Board's skill matrix, which lists the expertise, skills, and experiences of the Board:



The Company is committed to implementing the Board Diversity Policy and will review this Policy periodically to ensure its effectiveness and alignment with best practice and the requirements of the Code, or as amended from time to time, and any other relevant legislation. Any progress made towards the implementation of this Policy will be disclosed in future Corporate Governance Reports of the Company, as appropriate.

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 the majority of the Board comprises non-executive Directors while Board Committees comprises Independent Directors, 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 considers it is currently not necessary to separate 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, in the spirit of good corporate governance, Mr. Lim Hung Siang was appointed as Lead Independent Director 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 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 three Directors, all of whom are non-executive and are Independent Directors. The GNC members are:

Mr. Witjaksana Darmosarkoro (GNC Chairman)
Mr. Lim Hung Siang
Mr. Lawrence Lua Gek Pong

The GNC met on one occasion in FY2023.

The GNC performed the following functions in FY2023 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;
8. monitored the induction, orientation and training for any new and existing Directors; and
9. adopted and reviewed the Diversity Policy that addresses gender, skills and experience, and any other relevant aspects of diversity periodically and/or amend it whenever necessary.

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 Hung Siang and Mr. Witjaksana Darmosarkoro (retiring pursuant to Regulation 91 of the Company's Constitution), be nominated for re-election at the forthcoming AGM. Mr. Lim Hung Siang 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, focusing not only to their attendance and participation at Board and Board Committees meetings but also on 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. Thus, Mr. Lim Hung Siang, and Mr. Witjaksana Darmosarkoro have abstained from the deliberation and decision concerning their own re-election.

The GNC conducts an annual review of Directors' independence following the Code's and Listing Manual's definition of an Independent Director and guidelines regarding relationship in determining the independence of a Director. The GNC and the Board are of the view that 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 due to his association with Oakridge Investments Pte Ltd., a substantial shareholder of the Company.

Save as disclosed, the Independent Directors are not related and do not have any relationship with the Company, its related corporations, its officers, or any situation that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement for the best interests of the Company.

The GNC has adopted a process for the selection and appointment of new Directors which outlines 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 evaluates: (a) the candidate's independence, in the case of an Independent Director's appointment; (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 due to multiple board representations.

The Company will issue a formal letter of appointment to newly appointed Non-Executive Director and Independent Director, 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 has reviewed succession planning for the Chairman/CEO and key management and the Company's high potential and talent programmes. This information is used 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 must ensure that sufficient time and attention is given to the affairs of the Group. 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, has concluded that Directors with multiple board representations have performed as well as those with fewer. They are satisfied that these Directors have devoted sufficient time and to the Group's affairs. The GNC is also of the view that imposing a maximum limit on the number of listed company board representations is arbitrary and prefers to review existing models for managing board representations rather than setting a fixed limit.

As at 31 December 2023, there was no alternate Director on the Board.

PRINCIPLE 5: BOARD PERFORMANCE

The GNC undertakes an annual assessment of the performance and effectiveness of the Board and Board Committees collectively. The GNC prefers assessing the Board and its Committees as a whole, acknowledging the unique contributions of each Board member towards the Board's overall effectiveness.

The assessment procedure has been refined over time, incorporating feedback including factors such as attendance, Board composition, conduct, input and contributions to the Board and its various committees; keeping updated on industry trends and global market developments; and the quality and timeliness of information provided. The Directors individually evaluate the Board and the Board Committees, with the results being consolidated, analysed and reviewed by the GNC, which also compared them to the previous year's results. Identified strengths and areas for improvement are then 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.

Based on the GNC's findings for FY2023, the Board's performance was satisfactory, highlighting strengths and identifying areas for further improvement. No significant problems have been identified. The GNC had discussed the results with the Board and the Board had agreed to address the areas where improvement is necessary and appropriate, with no external facilitator involved in assessment.

(B) REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises two 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

The Company will identify and appoint a new RC member within 3 months from 26 February 2024 (the date of resignation of Mr. Lee Lap Wah George).

In FY2023, the RC met on one occasion.

During FY2023, the RC performed tasks according to its terms of reference:

1. recommended to the Board a renumeration framework 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. assessed and recommended Non-Executive Director and Independent Directors fees, considering their effort, time spent, and responsibilities; and
4. reviewed the service contracts of the CEO and Executive Directors.

The Group employs a transparent method for establishing executive remuneration policies and setting individual 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.

Directors do not participate in decisions regarding their own remuneration. When needed, the RC can consult external experts on remuneration matters. No external 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 Company's remuneration policy aims to offer compensation packages at market rates, reward performance and attract, retain, and motivate the key management personnel.

Non-Executive Directors (including Independent Directors) are compensated with Directors' fees, established through a structured framework. This framework comprising Board fees and additional fees, considers Board participation, additional roles on Board Committees, as well as the effort, time and responsibilities associated with these positions. The payment of such fees is proposed for Shareholders' approval at the AGM of the Company.

Executive Directors are not eligible for Directors' fees. Instead, their remuneration packages, which are reviewed annually, are reflective of individual and Group's performance, and are benchmarked against the industry standards.

The remuneration packages for the Executive Directors and key management personnel includes fixed and variable components. The variable component is determined based on the individual's and the Group's performance in the relevant financial year. Adjustments to remuneration are determined post the annual appraisal process.

Recommendations for remuneration to the RC are based on key performance indicators, such as revenue, earnings before interest, depreciation and amortisation (EBITDA), net profit, planted area, and Fresh Fruits Bunches internal and Crude Palm Oil production, as well as the individual's contribution to these objectives. This approach aligns the interests of shareholders and other stakeholders with the Group's long-term sustainability.

RC members recuse themselves from discussions and decisions on any their own remuneration package, or on other matters with conflict of interest, to maintain objectivity.

Executive Directors' Service Agreements are initially set for three years from the date of appointment respectively and are renewable for successive periods of one year each. These agreements allow for termination by either party with a six months' written notice, without imposing undue financial burdens. There are no onerous compensation commitments on the Company or its subsidiaries for early termination. The remuneration structure is designed to reward Executive Directors and key management personnel on the achievement of specific performance indicators and the actual results of the Group, and not on any other assigned incentives, the provisions in their employment contracts may therefore not be relevant or appropriate. The RC may consider "claw back" provisions in exceptional cases of financial misstatement or misconduct which could result in financial loss to the Group.

For FY2024, the RC with the concurrence of the Board, has recommended that Non-Executive Directors received a total of S$424,000 in Directors' fees, paid quarterly in arrears, subject to 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 FY2023 are set out below:

Name	Total Directors' Fee	Fixed Salary	Variable Bonus and Benefit	Remuneration Band	Total
Directors					
Lim Gunawan Hariyanto[1]	–	40%	60%	S$4,500,001 – S$4,750,000	100%
Lim Christina Hariyanto[1]	–	44%	56%	S$500,001 – S$750,000	100%
Dato' Lee Yeow Chor	S$68,000	–	–	Below S$250,000	100%
Lim Hung Siang	S$91,000	–	–	Below S$250,000	100%
Lee Lap Wah George[3]	S$90,000	–	–	Below S$250,000	100%
Lawrence Lua Gek Pong	S$89,000	–	–	Below S$250,000	100%
Witjaksana Darmosarkoro	S$86,000	–	–	Below S$250,000	100%
Key Management Personnel[2]					
1 Executive	–	44%	56%	S$3,250,001 – S$3,500,000	100%
1 Executive	–	33%	67%	S$2,750,001 – S$3,000,000	100%
1 Executive	–	80%	20%	S$250,001 – S$500,000	100%

Notes:
1. Payment partly by Indonesian subsidiary and partly by Bumitama.
2. Fully paid by Indonesian subsidiaries.
3. Resigned as an Independent Director of the Company with effect from 26 February 2024.

The Company's approach to Director and key management remuneration aligns with market rates, rewarding performance, and aims to attract, retain and motivate talent. Remuneration bands are set out in incremental bands of S$250,000, deemed by the Group as both sufficient and adequate for disclosure. Further disclosure is considered potentially detrimental to the Group's interests, possibly affecting talent retention and recruitment in a highly competitive market, given the sensitive nature of remuneration matters.

Disclosure limitations also apply to the aggregate remuneration of key management personnel (excluding Directors and the CEO), guided by sensitivity considerations and the Group's strategic interests.

Despite Provision 8.1 of the Code, which requires disclosure of the top 5 key management personnel's remuneration, the Group will only disclose the above three individuals identified as Group's key management personnel, excluding the CEO, due to their supervisory roles over senior management.

The Board believes that the remuneration information disclosed above is sufficient for shareholders to have an adequate information and appreciation of the remuneration of the Directors, Group CEO and top 3 key management personnel. The Board also believes that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation are consistent with the intent of Principle 8 of the Code.

During FY2023, the remuneration of five employees, who are immediate family members of a Director, and/or the CEO and/or a substantial shareholder of the Company, exceeded S$100,000. Their compensation is detailed in bands no wider than S$100,000, as set out below:

Name of Executives[1]	Related to	Remuneration Band
Gunardi Hariyanto Lim	Brother of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S$3,300,001 - S$3,400,000
Lim Liana Sarwono	Sister of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S$400,001 – S$500,000
Hartono Santoso	Nephew of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S$100,000 – S$200,000
Michael Raben	Brother in law of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S$100,000 – S$200,000
Lim Chuan Loong, Brian	Son of Lim Gunawan Hariyanto and Nephew of Lim Christina Hariyanto	S$100,000 – S$200,000

Note:

1. Fully paid by Indonesian subsidiaries.

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board ensures that Management maintains a robust system of risk management and internal controls, safeguarding shareholders' investment and the Group's assets.

Risk management involves regular Board's reviews to identify significant business risks and appropriate measures to control and mitigate these risks. Management reviews all control policies and procedures and highlights 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 120 to 127. 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 better positioned 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 established 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 to which the Group is exposed to. Under the ERM framework, a risk register identifying material risks together with the internal controls to manage or mitigate those risks is maintained. A separate Management Committee and an ERM Secretariat were formed to oversee the ERM and ensure that the risk register is reviewed, managed and updated regularly.

The Management Committee comprises the COO, CFO, 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, reviews the overall ERM system quarterly and the CRERMC reviews the adequacy and effectiveness of the Group's risk management and internal control systems half-yearly. As the Group continues to grow, considering 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.

In 2023, the results of a review incorporating changes in business dynamics were presented, and the results and recommendations have been shared with CRERMC and the Board. It was agreed that (1) continuous training is needed and will be conducted in phases to ensure the internalisation of the purpose and method of ERM assessment and risk management; (2) the risk map was improved and updated based on feedback from various departments and management; and (3) the preparation of the internal audit plan for 2024 incorporated information drawn from the yearly 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 addressing financial, operational, compliance and information technology controls and risk management system of the Group were adequate and effective during FY2023.

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

MANAGEMENT OF CLIMATE-RELATED RISKS

Bumitama Group's approach to risk management involves a structured and methodical process for the meticulous identification and assessment of risks, subsequently graded based on their impact and likelihood. This process is strengthened by the Plan-Do-Check-Act cycle to ensure effective risk management. The Group aims to comprehensively manage both physical and transition-related climate risks, which are integrated into the overall risk management framework, and focus on enhancing business resilience and transitioning from conventional, carbon-intensive operations to more sustainable, low-carbon models. Crucial to this transition are alternative energy technologies used to power the Group's operations and support surrounding communities with renewable energy solutions.

In alignment with this commitment, the Group has undertaken a comprehensive analysis of two climate scenarios that help develop a resilience assessment strategy leading up to 2050. These scenarios include one aligned with the Paris Agreement's goal of remaining below a 2°C temperature increase and a more severe scenario envisaging a 4°C increase. The TCFD's recommended analytical framework has been utilised in this identification and analysis of potential transitional and physical risks. It also aids in identifying opportunities related to resource efficiency, energy sources, and market adaptation, ensuring that the Group's strategy is well-rounded and future-proof. For a more detailed information of the Group's risk management framework for climate-related risks, see in our website.

As a key part of addressing climate-related risks, the Group has established ambitious emission reduction goals across its operations and supply chain. These goals include both short-term and long-term strategies, building on the Group's commitment to No Deforestation, No Peat, No Exploitation ("NDPE") principles. In brief, the measurable strategies include limiting deforestation in conservation areas to under 0.1% annually, increasing forest cover by 10% by 2030, and reducing greenhouse gas intensity by 30% from 2016 levels by 2030. Efforts to meet these targets involves active reforestation, enhancing production efficiency, installing methane reduction facilities, boosting renewable energy use, collaborating to reduce suppliers' and contractors' carbon footprint, and optimising business travel and logistics. The Group maintains transparency in reporting emission reduction targets and progress in its annual and sustainability reports. A more detailed information of the Group's climate-related metrics and targets are presented in our website.

PRINCIPLE 10: AUDIT COMMITTEE

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

Mr. Lim Hung Siang (AC Chairman)
Mr. Lawrence Lua Gek Pong
Mr. Witjaksana Darmosarkoro

In accordance with the principles and provisions 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 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 FY2023, 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 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;
8. reviewed Interested Person Transactions ("IPT") falling within the scope of Chapter 9 of the SGX-ST Listing Manual and the IPT Register;
9. reviewed and monitored any report or concern received via channel established by whistleblowing policy;
10. reviewed half-yearly ERM report together with CRERMC prepared by the Internal Audit Department, CSO, and the ERM Secretariat;
11. 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;
12. 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;
13. 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;
14. 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
15. reviewed and confirmed the Group's compliance with Rules 712, 715 and 716(1) of the Listing Manual 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 93 to 95 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 Manual 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 ensuring 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 FY2023, 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 some 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

The Company has a dedicated in-house internal audit team ("IA") which comprises of 31 members who are suitably qualified and experienced professionals with operational, financial and compliance experiences. The Head of IA is a Chartered Accountant who holds certification in Risk Management Assurance and has 30 years professional experience in Finance, Accounting, Audit, Tax and Information Technology management.

The 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 as well as supervisory and managerial skills based on the recommendations of the AC. IA also attends relevant public trainings as part of the continuing professional requirements. 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 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.

During FY2023, the AC has reviewed the adequacy, independence and effectiveness of the Group's internal audit function and the AC is of the opinion that the internal audit function is independent, effective and adequately resourced.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDERS RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Group is committed to disseminating 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.

CORPORATE GOVERNANCE

Shareholders are informed of general meetings through notices posted on the Company's website and the Company's announcement via SGXNet and published in local newspapers. 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 or ordinary resolution or special resolution for EGM, 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 submit questions in advance regarding the resolutions tabled at the AGM or air their views and ask questions during the AGM.

The Company endeavors to address the substantial and relevant questions from shareholders received before the cut-off date and time stipulated in the notice of AGM and publish its responses to the questions on SGXNet and the Company's website at least 48 hours before the closing date and time for the lodgement of proxy forms. Any questions received after the cut-off date and time stipulated in the notice of AGM, the Company will seek to respond to these questions during the AGM or within a reasonable timeframe.

All the chairpersons of the Board Committees and Directors 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. For FY2022 AGM held on 20 April 2023, all Directors of the Company attended AGM virtually and/or physically.

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 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.

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 the 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.

2024 AGM

The forthcoming AGM of the Company will be held physically at Pan Pacific Singapore, Ocean 4-5, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595. Shareholders will be able to raise questions and vote in person at the AGM. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the forthcoming AGM, submission of questions to the Chairman of the meeting in advance of, or at, the AGM, and voting at the AGM by shareholders or their duly appointed proxy(ies), are set out in the Notice of AGM released on SGXNet on 5 April 2024.

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 FY2023, the Group had declared and paid interim dividend of 1.25 Singapore cents per ordinary share on 14 September 2023. The Board has proposed a special dividend of 1.92 Singapore cents per ordinary share, one tier tax-exempt and a final dividend of 3.63 Singapore cents per ordinary share, one tier tax-exempt, which are subject to the approval by Shareholders at the forthcoming AGM.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The Company, through the Corporate Secretary and Investor Relations Departments, has adopted beyond-compliance approach in providing relevant company information disclosures to enhance shareholder's value, as dictated by its mission statement.

Aside from the AGM of shareholders which serves as a main avenue for communication between the Board and Shareholders, the Company has a dedicated Investor Relations team who function as company spokesperson to actively engage the investment community and promote regular, effective, and fair communication through accurate, consistent, and timely responses to all external inquiries from investors, analysts and the media. Bumitama's capital market outreach activities include publication of annual reports, sustainability reports, press releases, quarterly briefings, investor circulars, in addition to participating in investor conferences, roadshows, site visits, and meetings with analysts, brokers, media, and investors.

During 2023, the Investor Relations team has engaged more than 200 participants through various capital market outreach events mentioned above.

Contact details of the Investor Relations Department are available on the Company's corporate website which shareholders may contact the Company with relevant inquiries.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

In addition to being labor intensive, palm oil plantation companies typically operate over vast areas, engaging multi stakeholders in its daily operations. The Group is mindful that effective stakeholder engagement is important to achieving sustainable business model. Therefore, it 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, discussion forums, surveys, and feedback with material stakeholder groups which include shareholders, suppliers, customers, smallholders, 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 through stakeholder engagement can be found in the Sustainability Report for FY2023.

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

Mr. Witjaksana Darmosarkoro (CRERMC Chairman)
Mr. Lawrence Lua Gek Pong
Mr. Lim Hung Siang

The CRERMC performed the following functions in accordance with its terms of reference for FY2023:

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;
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; and
4. together with AC reviewed half-yearly ERM report including but not limited to Risk Map, ERM Plan and realisation, and etc prepared by the Internal Audit Department, CSO, and together with the ERM Secretariat.

CORPORATE GOVERNANCE

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.

SUSTAINABILITY STEERING COMMITTEE

In recognising the importance of ESG issues and in meeting the increasing needs of ESG-related reporting and disclosure, the Board established an executive committee, SSC on 10 May 2022. The objective of this SSC is to oversee, on behalf of the Board, management strategies and processes designed to manage social and environmental risks and achieve compliance with social and environmental responsibilities and commitments, including in regard to the Group's Climate risk management strategy. The SSC shall have oversight of sustainable development responsibilities of the Group and will also support the Board in setting high level direction and strategic focus on sustainable business models within the Group.

The SSC comprised four members and they are:-

Mr. Witjaksana Darmosarkoro (SSC Chairman)
Mr. Mubarak Ahmad
Mr. Johan Puspowidjono
Ms. Lim Sian Choo

Mr. Lim Gunawan Hariyanto, Dato' Lee Yeow Chor, Mr. Roebianto (COO) and Mr. Sie Eddy Kurniawan (CFO) were appointed as advisors to the SSC.

The SSC met four times during FY2023. The SSC performs the following functions in accordance with its terms of reference for FY2023:

a) reviewed the Group's sustainability performance and report;
b) reviewed the strategy and initiative on ESG related programmes; and
c) monitored and provided recommendation on emerging sustainability issues.

A quarterly sustainability updates reports would be reviewed by SSC before tabling at the Board Meeting for directors' deliberation, adoption and approval.

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 FY2023 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 maintains 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 FY2023 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	2,093	Nil
IOI Corporation Berhad[3]	Controlling shareholder of the Company	Nil	Nil
PT Lima Srikandi Jaya[4]	Related company	6,546	Nil
TOTAL		**11,039**	**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 sections 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 FY2023 or if not then subsisting, entered into since the end of FY2023.

USE OF PROCEEDS

There is no any proceeds arising from any offerings pursuant to Chapter 8 of Listing Manual during FY2023.

Additional Information on Directors seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

Mr. Lim Hung Siang 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 2024 ("AGM") under Ordinary Resolutions 4 and 5 as set out in the Notice of AGM dated 5 April 2024 (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 Hung Siang	Witjaksana Darmosarkoro
Date of Appointment	1 June 2018	1 July 2021
Date of Last Re-Appointment	12 April 2021	22 April 2022
Age	73	64
Country of principal residence	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 Hung Siang, is of the view that he is suitable for re-election as an Independent Director of the Company. The Board considers Mr. Lim Hung Siang 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	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of Audit Committee, and a member of Remuneration Committee, Governance & Nominating Committee and Conflicts Resolution & Enterprise Risk Management Committee.	Independent Director, Chairman of Conflicts Resolution & Enterprise Risk Management Committee and Governance & Nominating Committee, and a member of Audit Committee.
Professional qualifications	Please refer to Directors' Profile on pages 16 to 17 of Annual Report.	Please refer to Directors' Profile on pages 16 to 17 of Annual Report.
Working experience and occupation(s) during the past 10 years	Please refer to Directors' Profile on pages 16 to 17 of Annual Report.	Please refer to Directors' Profile on pages 16 to 17 of Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest – 50,000 ordinary shares Indirect interest – 100,000 ordinary shares	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	Nil	Nil
Conflict of interest (including any competing business)	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
Other principle commitments including Directorships		
Past (for the last 5 years)	Nil	● Indonesia Estate Crop Fund
Present	Nil	● 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	There is no change to the responses previously disclosed by Mr. Lim Hung Siang 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. Lim Hung Siang's appointment as Director was announced on 31 May 2018.	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

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 2023.

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 2023 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
Lim Hung Siang
Lawrence Lua Gek Pong
Witjaksana Darmosarkoro

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	100,000	100,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2024.

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.

4. Directors' interest in shares and debentures (continued)

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.

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.

6. Audit Committee (continued)

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

Lim Hung Siang
Director

Singapore
27 March 2024

INDEPENDENT AUDITOR'S REPORT

For The Financial Year ended 31 December 2023
To the Members of Bumitama Agri Ltd.

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 2023, the consolidated 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 material accounting policy information.

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 2023 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

SFRS(I) 1-36 requires goodwill to be assessed for impairment annually. The plantation estates are individually identified as a single Cash Generating Unit ("CGU") for goodwill impairment testing. Management engaged an independent valuer to assist them in their estimation of the recoverable value of the CGU using Fair Value Less Cost Of Disposal ("FVLCD") method.

The audit procedures over management's annual goodwill impairment test are significant to our audit because the recoverable value is determined by FVLCD which is complex, judgmental and subjective.

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.

We performed the following procedures, amongst others, in our audit of goodwill impairment assessment:

- 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.
- 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 is in Note 13 to the financial statements.

Key Audit Matters (continued)

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.

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

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.

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

27 March 2024

CONSOLIDATED INCOME STATEMENT

For the Financial Year ended 31 December 2023

	Note	2023 IDR million	2022 IDR million
Revenue	4	15,442,893	15,829,281
Cost of sales	5	(10,724,241)	(10,096,426)
Gross profit		4,718,652	5,732,855
Other items of income:			
Other income		27,118	15,997
Interest income	6	175,336	167,209
Foreign exchange income		113,183	–
Other items of expenses:			
Selling expenses	6	(371,835)	(327,620)
General and administrative expenses	6	(583,079)	(476,552)
Finance cost	6	(129,003)	(130,443)
Fair value changes in biological assets	17	(81,088)	(87,458)
Foreign exchange loss		–	(296,619)
Other expenses		(7,388)	(26,792)
Profit before taxation		3,861,896	4,570,577
Taxation	7	(930,728)	(1,171,708)
Profit for the year		**2,931,168**	**3,398,869**
Attributable to:			
Owners of the Company		2,449,160	2,826,110
Non-controlling interests		482,008	572,759
		2,931,168	**3,398,869**
Earnings per share attributable to owners of the Company			
Basic and diluted (IDR per share)	8	1,412	1,618

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 2023

	Note	2023 IDR million	2022 IDR million
Profit for the year		2,931,168	3,398,869
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation (loss)/gain		(70,052)	964
Fair value reserve on derivative financial instruments	27	(79,594)	150,385
Item that will not be reclassified to profit or loss:			
Re-measurement (loss)/gain on defined benefit plans	26	(5,885)	23,562
Other comprehensive (loss)/income for the year, net of tax		(155,531)	174,911
Total comprehensive income for the year		2,775,637	3,573,780
Total comprehensive income attributable to:			
Owners of the Company		2,293,721	2,999,158
Non-controlling interests		481,916	574,622
		2,775,637	3,573,780

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

BALANCE SHEETS

As at 31 December 2023

	Note	Group 2023 IDR million	Group 2022 IDR million	Company 2023 IDR million	Company 2022 IDR million
ASSETS					
Non-current assets					
Investments in subsidiaries	9	–	–	2,178,249	2,225,482
Bearer plants	10	7,932,730	7,843,235	–	–
Property, plant and equipment	11	5,247,527	4,568,619	41	478
Land use rights	12	1,045,907	1,032,983	–	–
Intangible assets	13	199,173	194,076	–	–
Plasma receivables	14	991,406	1,544,101	–	–
Due from subsidiaries	15	–	–	4,226,143	5,353,187
Deferred tax assets	16	118,810	107,680	–	–
Derivative financial assets	27	–	68,788	–	68,788
Total non-current assets		15,535,553	15,359,482	6,404,433	7,647,935
Current assets					
Biological assets	17	207,530	288,618	–	–
Inventories	18	1,587,232	2,327,206	–	–
Deferred charges		8,725	8,376	–	–
Trade and other receivables	19	485,556	214,855	299	963
Due from related companies	20	50	50	–	–
Plasma receivables	14	632,706	283,529	–	–
Prepayments and advances		18,605	58,061	210	213
Prepaid taxes		373,623	531,779	249	105
Derivative financial assets	27	9,123	–	9,123	–
Cash and short-term deposits	21(a)	374,050	826,210	18,749	512,902
Total current assets		3,697,200	4,538,684	28,630	514,183
Total assets		**19,232,753**	**19,898,166**	**6,433,063**	**8,162,118**

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

BALANCE SHEETS

As at 31 December 2023

	Note	Group 2023 IDR million	Group 2022 IDR million	Company 2023 IDR million	Company 2022 IDR million
LIABILITIES AND EQUITY					
Current liabilities					
Loans and borrowings	22	1,270,326	78,655	770,493	–
Trade and other payables	23	175,993	459,479	1,327	94
Accrued operating expenses	24	258,406	277,030	29,857	34,418
Sales advances		80,825	422,813	–	–
Taxes payable		299,388	620,252	3,380	1,097
Total current liabilities		2,084,938	1,858,229	805,057	35,609
Net current assets/(liabilities)		1,612,262	2,680,455	(776,427)	478,574
Non-current liabilities					
Deferred tax liabilities	16	183,137	192,916	–	–
Loans and borrowings	22	–	1,854,834	–	1,854,834
Islamic medium term notes	25	1,336,482	1,421,992	1,336,482	1,421,992
Employee benefits liability	26	115,834	114,067	–	–
Derivative financial liabilities	27	75,095	–	75,095	–
Total non-current liabilities		1,710,548	3,583,809	1,411,577	3,276,826
Total liabilities		**3,795,486**	**5,442,038**	**2,216,634**	**3,312,435**
Net assets		**15,437,267**	**14,456,128**	**4,216,429**	**4,849,683**
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	(63,065)	(10,734)	87,749	167,343
Retained earnings		11,974,318	11,039,781	1,216,797	1,606,269
Foreign currency translation reserve	30	(251,104)	(181,052)	1,266,204	1,430,392
		13,305,828	12,493,674	4,216,429	4,849,683
Non-controlling interests		2,131,439	1,962,454	–	–
Total equity		**15,437,267**	**14,456,128**	**4,216,429**	**4,849,683**
Total liabilities and equity		**19,232,753**	**19,898,166**	**6,433,063**	**8,162,118**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2023

Group	Attributable to owners of the Company							
	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
	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million
2023								
Balance as at 1 January 2023	1,807,045	(161,366)	11,039,781	(10,734)	(181,052)	12,493,674	1,962,454	14,456,128
Profit for the year	–	–	2,449,160	–	–	2,449,160	482,008	2,931,168
Other comprehensive income:								
Fair value reserve on derivative financial instruments	–	–	–	(79,594)	–	(79,594)	–	(79,594)
Foreign currency translation loss	–	–	–	–	(70,052)	(70,052)	–	(70,052)
Re-measurement gain on defined benefit plan (Note 26)	–	–	(5,793)	–	–	(5,793)	(92)	(5,885)
Total comprehensive income for the year, net of tax	–	–	2,443,367	(79,594)	(70,052)	2,293,721	481,916	2,775,637
Contributions by and distributions to owners:								
Change in ownership in a subsidiary without loss of control	–	–	–	27,263	–	27,263	(27,263)	–
Dividends on ordinary shares (Note 36)	–	–	(1,508,830)	–	–	(1,508,830)	–	(1,508,830)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(285,668)	(285,668)
Balance as at 31 December 2023	**1,807,045**	**(161,366)**	**11,974,318**	**(63,065)**	**(251,104)**	**13,305,828**	**2,131,439**	**15,437,267**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2023

Group	Attributable to owners of the Company						Non-controlling interests	Total equity
	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		
	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million
2022								
Balance as at 1 January 2022	1,807,045	(161,366)	9,020,320	(183,535)	(182,016)	10,300,448	1,698,124	11,998,572
Profit for the year	–	–	2,826,110	–	–	2,826,110	572,759	3,398,869
Other comprehensive income:								
Fair value reserve on derivative financial instruments	–	–	–	150,385	–	150,385	–	150,385
Foreign currency translation gain	–	–	–	–	964	964	–	964
Re-measurement gain on defined benefit plan (Note 26)	–	–	21,699	–	–	21,699	1,863	23,562
Total comprehensive income for the year, net of tax	–	–	2,847,809	150,385	964	2,999,158	574,622	3,573,780
Contributions by and distributions to owners:								
Change in ownership in a subsidiary without loss of control (Note 9(c))	–	–	–	22,416	–	22,416	31,249	53,665
Dividends on ordinary shares (Note 36)	–	–	(828,348)	–	–	(828,348)	–	(828,348)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(341,541)	(341,541)
Balance as at 31 December 2022	**1,807,045**	**(161,366)**	**11,039,781**	**(10,734)**	**(181,052)**	**12,493,674**	**1,962,454**	**14,456,128**

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 2023

	2023 IDR million	2022 IDR million
Cash flows from operating activities		
Cash receipts from customers	14,775,317	15,976,560
Cash payments to suppliers, employees and for other operating expenses	(10,307,937)	(11,726,323)
Net cash receipts from operations	4,467,380	4,250,237
Income tax paid	(1,190,578)	(736,863)
Net cash flows generated from operating activities (Note 21(b))	3,276,802	3,513,374
Cash flows from investing activities		
Decrease in plasma receivables	305,693	650,137
Additions of intangible assets	(13,064)	(14,092)
Additions of bearer plants	(456,511)	(399,704)
Purchase of property, plant and equipment, net (Note 21(c))	(1,157,258)	(831,885)
Additions of land use rights	(32,321)	(65,623)
Interest received	175,336	167,209
Net cash flows used in investing activities	(1,178,125)	(493,958)
Cash flows from financing activities		
Proceeds from loans and borrowings	766,256	71,775
Repayment of loans and borrowings	(1,389,087)	(71,855)
Repayment of Islamic medium term notes	–	(1,086,584)
Dividends paid	(1,794,498)	(1,169,889)
Interest paid	(122,099)	(121,224)
Net cash flows used in financing activities	(2,539,428)	(2,377,777)
Net (decrease)/increase in cash and cash equivalents	(440,751)	641,639
Effect of exchange rate changes on cash and cash equivalents	(11,409)	8,607
Cash and cash equivalents at beginning of the year	826,210	175,964
Cash and cash equivalents at the end of the year (Note 21(a))	**374,050**	**826,210**

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

NOTES TO THE FINANCIAL STATEMENT

For the Financial Year ended 31 December 2023

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. Material accounting policy information

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 2023, the Company's current liabilities exceed current assets by IDR 776,427 million (2022: net current assets of IDR 478,574 million) due to the maturing of loans and borrowings amounting to IDR 770,493 million (approximately USD 50 million) within the next 12 months. As at 31 December 2023, the Company has secured term loan facility amounting to IDR 1,002,040 million (approximately USD 65 million) with several banks. Subsequently, in February 2024, the Company has drawdown the term loan facility to refinance the matured loans and borrowings.

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 debt 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 2023. 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.

International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

2. Material accounting policy information (continued)

2.2 Changes in accounting policies (continued)

International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 (continued)

The Group is in scope of the Pillar Two model rules as its consolidated annual revenue is more than EUR 750 million. In the Singapore 2023 budget statement, the Singapore government has announced that the country would implement the Global Anti-Base Erosion ("GloBE") rules including a domestic top-up tax ("DTT") beginning on or after 1 January 2025.

Due to uncertainties surrounding when and how each jurisdiction will enact the legislation, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimate. The Group is currently engaged with tax specialist to assist with applying the legislation.

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) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024

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.

2.4 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;

2. Material accounting policy information (continued)

2.4 Basis of consolidation and business combinations (continued)

(a) Basis of consolidation (continued)

- 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.

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. Material accounting policy information (continued)

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.

(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. Material accounting policy information (continued)

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.

2.10 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.

2. Material accounting policy information (continued)

2.10 Property, plant and equipment (continued)

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.

2.12 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. Material accounting policy information (continued)

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.

2.14 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. Material accounting policy information (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. Material accounting policy information (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. Material accounting policy information (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.

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; and
- 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. Material accounting policy information (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.

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.

2. Material accounting policy information (continued)

2.22 Taxes (continued)

(b) Deferred tax (continued)

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 makes 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 provisions are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

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.

2. Material accounting policy information (continued)

2.24 Employee benefits (continued)

(b) Defined benefit plans (continued)

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.

2.26 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. Material accounting policy information (continued)

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 the 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.

2.30 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.

2. Material accounting policy information (continued)

2.30 Hedge accounting (continued)

The Group does not have any fair value hedges or hedges of net investment in foreign operations in 2023 and 2022.

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.

3. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

(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 and 33(d).

(d) Income tax

Significant estimate and judgement are involved in determining both the provision and recoverability of income tax. Uncertainties exist with respect to the interpretation of tax regulations, effects of changes in tax laws, and the amount and timing of future taxable income which may require future adjustments to be made to the income tax provisions and income tax expenses already recorded. At times, there could be certain transactions and computations for which the determination of the tax liability to be ultimately paid may be uncertain during the ordinary course of business. 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 2023 is IDR 299,388 million (2022: IDR 620,252 million). The details of deferred tax assets and liabilities are disclosed in Note 16.

4. Revenue

	Group	
	2023	**2022**
	IDR million	**IDR million**
Disaggregation of revenue by major product:		
Crude Palm Oil ("CPO")	14,101,682	13,792,115
Palm Kernel ("PK")	1,341,211	2,037,166
Total revenue recognised at a point in time	**15,442,893**	**15,829,281**

The Group's oil palm plantations and mills are all located and operate in Indonesia to cultivate, harvest and process the fruit from the oil palm trees to produce and sell CPO and PK there. Some of our customers purchase our palm products in advance and these sales advance are recognised as revenue during the year as their orders are fulfilled.

5. Cost of sales

	Group	
	2023	**2022**
	IDR million	**IDR million**
Cost of inventories (Note 18)	6,796,061	5,862,175
Depreciation of mature bearer plants, property, plant and equipment and amortisation of land use rights (Notes 10, 11 and 12)	812,545	740,443
Plantation costs	2,715,840	3,087,908
Milling and processing costs	399,795	405,900
Total cost of sales	**10,724,241**	**10,096,426**

6. Profit before taxation

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

	Group	
	2023	2022
	IDR million	IDR million
Interest income		
Interest income from financial assets carried at amortised cost	175,336	167,209
Selling expenses		
Freight	(352,817)	(308,769)
Loading expense	(19,018)	(18,851)
Total selling expenses	**(371,835)**	**(327,620)**
General and administrative expenses		
Audit fees:		
- Auditor of the Company	(2,071)	(1,674)
- Affiliates of auditor of the Company	(4,737)	(4,522)
- Other auditors	(315)	(296)
Non-audit fees:		
- Other consultants	(238)	(59)
Employees' benefit expense:		
- Salaries, wages and other staff related expenses	(354,448)	(296,131)
- Defined benefit plan (Note 26)	(29,679)	(22,961)
- Defined contribution plan	(401)	(315)
Transportation	(11,053)	(9,045)
Training	(35,150)	(30,332)
Depreciation of property, plant and equipment (Note 11)	(17,189)	(16,509)
Amortisation of intangible assets (Note 13)	(7,967)	(5,774)
Maintenance	(6,405)	(6,003)
Rental	(3,902)	(4,949)
Professional fees	(12,175)	(10,567)
Insurance	(3,691)	(3,890)
Security	(375)	(670)
Electricity and water	(933)	(839)
Licences and taxes	(65,362)	(45,867)
Office expenses	(16,488)	(13,355)
Others	(10,500)	(2,794)
Total general and administrative expenses	**(583,079)**	**(476,552)**
Finance cost		
Interest expense and amortisation on loans and borrowings carried at amortised cost	(132,936)	(132,931)
Less: Capitalised to bearer plants (Note 10)	3,933	2,488
Total finance cost	**(129,003)**	**(130,443)**

7. Taxation

Major components of tax expense

	Group	
	2023	2022
	IDR million	IDR million
Current income tax:		
- Current income taxation	(804,330)	(934,351)
- Underprovision in respect of previous years	(7,570)	(9,343)
Deferred income tax:		
- Origination and reversal of temporary differences	19,249	(26,714)
Withholding tax on interest income and dividend from subsidiaries	(138,077)	(201,300)
Tax expense recognised in profit or loss	**(930,728)**	**(1,171,708)**

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 2023 and 2022 are as follows:

	Group	
	2023	2022
	IDR million	IDR million
Profit before taxation	3,861,896	4,570,577
Tax at the domestic rates applicable to profits in the countries where the Group operates	(845,161)	(994,898)
Non-deductible expenses	(29,280)	(95,464)
Income not subject to tax	59,889	39,507
Deferred tax adjustment on revaluation of mature plantation	31,532	37,894
Withholding tax on interest income and dividend from subsidiaries	(138,077)	(201,300)
Underprovision in respect of previous years	(7,570)	(9,343)
Unrecognised deferred tax asset	(3,746)	–
Utilisation of unrecognised deferred tax asset	1,122	54,606
Others	563	(2,710)
Tax expense recognised in profit or loss	**(930,728)**	**(1,171,708)**

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:

	2023	2022
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 shares were noted for the Company as at 31 December 2023 and 2022.

8. Earnings per share (continued)

The following table reflects basic and diluted earnings per share for the years ended 31 December:

	2023	2022
Earnings per share (IDR)		
- Basic and diluted	1,412	1,618

The weighted average number of shares equals the outstanding number of shares as at year end, as there was no change in the number of issued shares during the year.

9. Investments in subsidiaries

	Company	
	2023 IDR million	2022 IDR million
Unquoted equity shares, at cost	2,262,670	2,307,261
Impairment loss	(84,421)	(81,779)
	2,178,249	2,225,482
Impairment losses		
As at 1 January	(81,779)	(71,126)
Impairment loss	(2,642)	(10,653)
As at 31 December	(84,421)	(81,779)

Impairment of PT Bumitama Energi Lestari ("BEL")

During the year, the management carried out a review on the impairment of investment in a subsidiary. As a result of the review, an impairment loss of IDR 3 billion was recorded (2022: IDR 11 billion) to write down the carrying value to the recoverable amount, based on the fair value of net assets held by the subsidiary.

Details of the subsidiaries are as follows:

Subsidiaries	Country of incorporation/ Principal place of business	Principal activities	Proportion of ownership interest 2023 %	Proportion of ownership interest 2022 %
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 Energi Lestari ("BEL")[3]	Indonesia	Investment holding	99.77	99.77
PT Bumitama Oleo Sentosa ("BOS")[3]	Indonesia	Investment holding	95.00	95.00

9. Investments in subsidiaries (continued)

Subsidiaries	Country of incorporation/ Principal place of business	Principal activities	Proportion of ownership interest 2023 %	2022 %
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)(6)	Indonesia	Oil palm plantation	87.68	85.50
PT Lestari Gemilang Intisawit ("LGI")(1)(6)	Indonesia	Oil palm plantation	87.60	81.00
PT Ladang Sawit Mas ("LSM")(1)(6)	Indonesia	Oil palm plantation and mill	87.73	85.50
PT Agriplus ("AGP")(2)	Indonesia	Oil palm plantation	85.50	85.50
PT Hungarindo Persada ("HPE")(2)	Indonesia	Oil palm plantation	85.50	85.50
PT Bumitama Sawit Lestari ("BSL")(1)(4)	Indonesia	Investment holding	89.999	89.999
Held via BSL:				
PT Tanah Tani Lestari ("TTL")(1)	Indonesia	Oil palm plantation	85.50	85.50
PT Nabatindo Karya Utama ("NKU")(1)	Indonesia	Oil palm plantation	85.50	85.50
PT Andalan Sukses Makmur ("ASMR")(2)(6)	Indonesia	Oil palm plantation	89.48	85.50
PT Inti Sawit Lestari ("ISL")(1)(6)	Indonesia	Investment holding and business and management consultancy services	88.94	85.50
PT Sukses Manunggal Sawitindo ("SMS")(2)	Indonesia	Investment holding and business and management consultancy services	85.50	85.50
PT Langgeng Makmur Sejahtera ("LMS")(1)	Indonesia	Oil palm plantation	85.50	85.50
PT Investa Karya Bakti ("IKB")(3)	Indonesia	Oil palm plantation	85.50	85.50
PT Gemilang Makmur Subur ("GMS")(2)	Indonesia	Oil palm plantation	85.50	85.50
PT Sejahtera Sawit Lestari ("SSL")(2)(6)	Indonesia	Oil palm plantation	89.31	85.50
PT Fajar Bumi Nabati ("FBI")(3)	Indonesia	Oil palm plantation	85.50	85.50
PT Gemilang Subur Maju ("GSM")(3)	Indonesia	Oil palm plantation	85.50	85.50
PT Damai Agro Sejahtera ("DAS")(2)	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 2023 %	2022 %
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	83.30	81.24
PT Gunajaya Ketapang Sentosa ("GKS")[1]	Indonesia	Oil palm plantation	83.30	81.24
PT Karya Bakti Agro Sejahtera ("KBAS")[1]	Indonesia	Oil palm plantation and mill	83.30	81.24
Held via LGI:				
PT Agro Sejahtera Manunggal ("ASM")[1]	Indonesia	Oil palm plantation and mill	83.56	78.25
PT Karya Makmur Langgeng ("KML")[1][6]	Indonesia	Oil palm plantation	86.90	78.25
PT Nabati Agro Subur ("NAS")[3]	Indonesia	Oil palm plantation	83.22	76.95
Held via BEL:				
PT Energi Baharu Lestari ("EBL")[3]	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	84.49	81.22
PT Wahana Hijau Indah ("WHI")[1][6]	Indonesia	Oil palm plantation	88.45	81.22
PT Raya Sawit Manunggal ("RSM")[1][6]	Indonesia	Oil palm plantation	88.50	81.22
Held via SMS:				
PT Gunajaya Harapan Lestari ("GHL")[2]	Indonesia	Oil palm plantation	81.22	81.22
Held via GKS:				
PT Ladang Sawit Kendawangan ("LSK") [3][5]	Indonesia	Oil palm plantation	79.14	77.18

(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.

(4) In 2022, the Group carried out an internal restructuring exercise in which BGA acquired BSL from the Company. Refer to note 9(c) for details of the restructuring exercise.

(5) In 2022, the Group acquired 95% interest in LSK for a consideration of IDR 29,156 million. The acquisition was accounted for as an asset purchase as LSK only held land use rights.

(6) In 2023, the direct holding company of the subsidiaries made additional capital contribution to the subsidiary, in which, the minority interest did not undertake. Collectively, the increase in equity attributable to owners of the Company amounted to IDR 22,416 million had been recognised within the "other reserves" line in the equity.

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	Accumulated NCI at the end of reporting period	Dividends paid to NCI
			IDR million	IDR million	IDR million
31 December 2023:					
BGA	Indonesia	10%	485,857	2,131,465	285,668
31 December 2022:					
BGA	Indonesia	10%	546,258*	1,962,468	341,541

* Profit allocated to NCI comprises BGA Group's profit before the restructuring exercise (Note 9(c))

(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	
	2023	2022
	IDR million	IDR million
Current		
Assets	3,020,167	3,423,603
Liabilities	(1,556,869)	(1,953,015)
Net current assets	1,463,298	1,470,588
Non-current		
Assets	16,475,192	16,020,767
Liabilities	(4,506,261)	(5,632,672)
Net non-current assets	11,968,931	10,388,095
Net assets	**13,432,229**	**11,858,683**

Summarised statement of comprehensive income

	BGA	
	2023	2022
	IDR million	IDR million
Revenue	15,442,893	15,116,487
Profit before taxation	3,781,203	4,079,898
Income tax expense	(789,305)	(876,035)
Profit after taxation	2,991,898	3,203,863
Other comprehensive income	(5,885)	17,885
Total comprehensive income	**2,986,013**	**3,221,748**

9. Investments in subsidiaries (continued)

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

Other summarised information

	BGA	
	2023 IDR million	2022 IDR million
Net cash flows from operations	3,371,631	3,216,682
Acquisition of significant property, plant and equipment	1,157,181	714,676

(c) Change in ownership in a subsidiary without loss in control

In 2022, the Group carried out an internal restructuring exercise in which BGA acquired 99.999% interest in BSL for the aggregate consideration of IDR 965.77 billion. The aggregate consideration was satisfied by the issuance and allotment of new shares in BGA.

In connection with the restructuring, the non-controlling shareholder of BGA subscribed for new share capital in BGA for an aggregate subscription price of IDR 53.665 billion.

As a result of the above transactions, the Group's effective interest in BSL decreased from 95% to 89.999%. The premium arising from the change in interest in BSL of IDR 22,416 million was recorded within the "other reserves" line in the equity.

10. Bearer plants

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

	Group	
	2023 IDR million	2022 IDR million
Mature plantations		
Cost		
At 1 January	9,490,076	9,313,523
Reclassification from immature plantations	476,405	281,425
Reclassification to plasma receivables	(41,218)	–
Disposal	–	(104,872)
At 31 December	**9,925,263**	**9,490,076**
Accumulated depreciation		
At 1 January	2,669,494	2,371,589
Charge for the year (Note 5)	406,638	388,401
Disposal	–	(90,496)
At 31 December	**(3,076,132)**	**(2,669,494)**
Net carrying amount	**6,849,131**	**6,820,582**

10. Bearer plants (continued)

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

	Group	
	2023	**2022**
	IDR million	**IDR million**
Immature plantations		
Cost		
At 1 January	972,305	798,651
Development costs	505,758	449,916
Reclassification from nurseries	15,519	5,163
Reclassification from plasma receivables	2,924	–
	1,496,506	1,253,730
Reclassification to mature plantations	(476,405)	(281,425)
Reclassification to plasma receivables	(4,537)	–
At 31 December	**1,015,564**	**972,305**
Nurseries		
Cost		
At 1 January	50,348	30,392
Development costs	44,192	28,652
Deduction	(10,986)	(3,533)
	83,554	55,511
Reclassification to immature plantations	(15,519)	(5,163)
At 31 December	**68,035**	**50,348**
Total carrying amount	**7,932,730**	**7,843,235**

Depreciation of property, plant and equipment capitalised to immature plantations for the financial year ended 31 December 2023 amounted to IDR 4,686 million (2022: IDR 3,606 million) (Note 11).

Borrowing costs capitalised to immature plantations for the financial year ended 31 December 2023 amounted to IDR 3,933 million (2022: IDR 2,488 million) (Note 6).

The cash outflow on additions in bearer plants amounted to IDR 456,511 million (2022: IDR 399,704 million).

Total nucleus planted area for the year ended 31 December 2023 accounted for approximately 131 thousand hectares (2022: 132 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 2022	1,818,277	2,551	1,013,296	2,511,279	665,229	197,884	437,801	6,646,317
Additions (Note 21(c))	49,734	–	15,744	197,066	166,600	29,617	378,609	837,370
Disposals	(10,723)	–	(157)	(5,057)	(27,036)	(13,789)	(1,091)	(57,853)
Reclassifications	175,209	–	169,122	245,138	2,675	1,427	(593,571)	–
At 31 December 2022 and 1 January 2023	2,032,497	2,551	1,198,005	2,948,426	807,468	215,139	221,748	7,425,834
Additions (Note 21(c))	90,437	–	117,052	193,731	88,902	36,980	634,206	1,161,308
Disposals	(5,366)	–	(728)	(10,071)	(7,886)	(14)	(545)	(24,610)
Reclassifications	178,675	–	154,523	38,561	304	26	(372,089)	–
At 31 December 2023	2,296,243	2,551	1,468,852	3,170,647	888,788	252,131	483,320	8,562,532
Accumulated depreciation and impairment								
At 1 January 2022	721,796	2,551	322,552	866,901	441,797	143,645	–	2,499,242
Charge for the year	105,403	–	55,556	158,309	72,984	17,768	–	410,020
Disposals	(6,841)	–	(65)	(5,973)	(26,676)	(13,728)	–	(53,283)
Impairment	–	–	589	647	–	–	–	1,236
At 31 December 2022 and 1 January 2023	820,358	2,551	378,632	1,019,884	488,105	147,685	–	2,857,215
Charge for the year	121,254	–	67,298	183,363	81,518	24,917	–	478,350
Disposals	(4,965)	–	(392)	(8,558)	(6,640)	(5)	–	(20,560)
At 31 December 2023	936,647	2,551	445,538	1,194,689	562,983	172,597	–	3,315,005
Net carrying amount								
At 31 December 2022	1,212,139	–	819,373	1,928,542	319,363	67,454	221,748	4,568,619
At 31 December 2023	**1,359,596**	**–**	**1,023,314**	**1,975,958**	**325,805**	**79,534**	**483,320**	**5,247,527**

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 2022, 31 December 2022 and 1 January 2023	2,551	310	4,468	7,329
Additions	–	77	–	77
At 31 December 2023	2,551	387	4,468	7,406
Accumulated depreciation				
At 1 January 2022	2,551	263	3,105	5,919
Charge for the year	–	11	921	932
At 31 December 2022 and 1 January 2023	2,551	274	4,026	6,851
Charge for the year	–	72	442	514
At 31 December 2023	2,551	346	4,468	7,365
Net carrying amount				
At 31 December 2022	–	36	442	478
At 31 December 2023	**–**	**41**	**–**	**41**

Impairment of assets

In 2022, an impairment loss of IDR 1,236 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. There was no impairment loss recognised during the current financial year.

Depreciation

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

	Group	
	2023 IDR million	**2022 IDR million**
Cost of sales (Note 5)	389,531	335,666
General and administrative expenses (Note 6)	17,189	16,509
Immature plantations (Note 10)	4,686	3,606
Plasma receivables	59,345	46,071
Other expenses	7,600	8,168
Total depreciation	**478,351**	**410,020**

12. Land use rights

	Group	
	2023	**2022**
	IDR million	**IDR million**
Cost		
At 1 January	1,149,701	1,084,078
Additions	32,321	65,623
At 31 December	1,182,022	1,149,701
Accumulated amortisation		
At 1 January	116,718	97,321
Amortisation for the year	19,397	19,397
At 31 December	136,115	116,718
Net carrying amount	**1,045,907**	**1,032,983**
Amounts to be amortised:		
– Not later than one year	19,397	19,397
– Later than one year but not later than five years	77,588	77,588
– Later than five years	948,922	935,998
	1,045,907	**1,032,983**

Land use rights represent the cost of rights to use the land for agriculture purposes that are held by the Group. The cost of land use rights include all costs associated with the legal transfer or renewal of the titles of land use rights such as 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 2023, the land use rights have remaining tenure ranging from 7 years to 28 years (2022: 8 years to 29 years).

During the financial year, amortisation of land use rights allocated to cost of sales and other expenses amounts to IDR 16,376 million (2022: IDR 16,376 million) and IDR 3,021 million (2022: IDR 3,021 million), respectively.

The cash outflow on additions in land use rights amounted to IDR 32,321 million (2022: IDR 65,623 million).

13. Intangible assets

Group	Goodwill IDR million	Software IDR million	Total IDR million
Cost			
At 1 January 2022	174,464	51,539	226,003
Additions	–	14,412	14,412
Disposals	–	(220)	(220)
At 31 December 2022 and 1 January 2023	174,464	65,731	240,195
Additions	–	13,064	13,064
At 31 December 2023	174,464	78,795	253,259
Accumulated amortisation and impairment losses			
At 1 January 2022	6,563	34,002	40,565
Amortisation for the year (Note 6)	–	5,774	5,774
Disposals	–	(220)	(220)
At 31 December 2022 and 1 January 2023	6,563	39,556	46,119
Amortisation for the year (Note 6)	–	7,967	7,967
At 31 December 2023	6,563	47,523	54,086
Net carrying amount			
At 31 December 2022	**167,901**	**26,175**	**194,076**
At 31 December 2023	**167,901**	**31,272**	**199,173**

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	
	2023 IDR million	**2022 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 Management. The calculations were based on the following key assumptions:

	2023	2022
Discount rate	12.17% – 12.95%	12.33%
Inflation rate	2.4% – 2.5%	3.0% – 3.4%
Projected CPO price (IDR/Kg)	11,840 – 12,328	11,536 – 11,642

The FVLCOD calculations applied a discounted cash flow model using cash flow projections and projected CPO price of IDR 11,840 – IDR 12,328 (2022: of IDR 11,536 – IDR 11,642) 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)

Goodwill (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 dataset from International Monetary Fund.

Projected CPO price – The CPO price was based on factors such as supply and demand dynamics, geopolitical events, economic indicators and government regulations with reference on reliable market data from Economist Intelligence Unit, World Bank and Badan Pengawas Perdagangan Berjangka Komoditi ("Bappebti").

Based on the above analysis, management has assessed that the goodwill is not impaired as at 31 December 2023 and 2022.

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 305,693 million (2022: IDR 650,137 million).

As of 31 December 2023, the Company has developed plasma plantations through bank partnerships covering a total area of 56,549 hectares (2022: 55,529 hectares).

14. Plasma receivables (continued)

Details of plasma receivables are as follows:

	Group	
	2023	**2022**
	IDR million	**IDR million**
As at 1 January	1,827,630	2,431,696
Collections, net of additional development cost	(279,677)	(676,200)
Financing from banks	(322,946)	(454,996)
Advances to plasma farmers	356,274	527,130
Reclassification from bearer plants	42,831	–
As at 31 December	**1,624,112**	**1,827,630**
Less: Current portion of plasma receivables	(632,706)	(283,529)
Non-current portion of plasma receivables	**991,406**	**1,544,101**

15. Due from subsidiaries

	Company	
	2023	**2022**
	IDR million	**IDR million**
Loans to subsidiaries	**4,226,143**	**5,353,187**

Loans to subsidiaries are non-trade, unsecured and bear interest at rates of 3.55% (2022: 3.55%) Secured Overnight Financing Rate ("SOFR") plus Credit Adjustment Spread ("CAS") per annum. Prior to the transition to SOFR as highlighted in note 34(a), the interest rate benchmark used by the Company was one-month USD London Interbank Offered Rate ("LIBOR").

Included in the amounts due from subsidiaries of IDR 1,268 billion (2022: IDR 1,606 billion) are equity in nature for which settlement are not planned and at the option of the subsidiaries. The amounts 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	
	2023	2022	2023	2022
	IDR million	IDR million	IDR million	IDR million
Deferred tax assets:				
Property, plant and equipment	331	385	(54)	(1,411)
Unutilised tax losses	53,278	42,317	10,961	(23,126)
Bearer plants	145,452	142,302	3,150	(1,458)
Remeasurement on defined benefit plan	3,064	1,404	–	–
Gross deferred tax assets	**202,125**	**186,408**	**14,057**	**(25,995)**
Deferred tax liabilities:				
Property, plant and equipment	(41,160)	(34,970)	(6,190)	(3,445)
Bearer plants	(145,381)	(136,938)	(8,443)	(18,502)
Biological assets	(45,657)	(63,496)	17,839	19,241
Fair value adjustments on acquisition of subsidiaries	(34,254)	(36,240)	1,986	1,987
Gross deferred tax liabilities	**(266,452)**	**(271,644)**	**5,192**	**(719)**
Net deferred tax liabilities	(64,327)	(85,236)		
Deferred tax expenses			19,249	(26,714)
Presented in balance sheet				
Deferred tax assets	118,810	107,680		
Deferred tax liabilities	(183,137)	(192,916)		
Net deferred tax liabilities	(64,327)	(85,236)		

Unrecognised tax losses and tax credits

At the end of reporting period, the Group has unutilised tax losses and tax credits, after applying the statutory tax rate, will give rise to approximately IDR 114 billion and IDR 171 billion (2022: IDR 194 billion and IDR 209 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.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2022: 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 18,190,492 million (2022: IDR 16,558,557 million). The deferred tax liability is estimated to be IDR 1,819,049 million (2022: IDR 1,655,856 million).

17. Biological assets

	Group	
	2023	2022
	IDR million	IDR million
Biological assets	207,530	288,618

For the year ended 31 December 2023, the Group recognised fair value loss of IDR 81,088 million (2022: fair value loss of IDR 87,458 million).

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
2023		
Index price	+10%	33,607
	-10%	(33,607)
2022		
Index price	+10%	34,300
	-10%	(34,300)

18. Inventories

	Group	
	2023	2022
	IDR million	IDR million
Balance sheet:		
At lower of cost and net realisable value		
Finished goods:		
CPO	727,711	1,070,057
PK	59,143	61,684
	786,854	1,131,741
Consumables:		
Fertilisers and chemicals	515,400	840,895
Spare parts and other consumables	284,978	354,570
	800,378	1,195,465
Total inventories	**1,587,232**	**2,327,206**
Income statement:		
Inventories recognised as an expense in cost of sales (Note 5)	6,796,061	5,862,175

19. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	IDR million	IDR million	IDR million	IDR million
Trade receivables	461,903	134,714	–	–
Other receivables	23,653	80,141	299	963
Total trade and other receivables	485,556	214,855	299	963
Due from subsidiaries (Note 15)	–	–	2,958,300	3,747,231
Due from related companies (Note 20)	50	50	–	–
Plasma receivables (Note 14)	1,624,112	1,827,630	–	–
Cash and short-term deposits (Note 21(a))	374,050	826,210	18,749	512,902
Total financial assets carried at amortised cost	**2,483,768**	**2,868,745**	**2,977,348**	**4,261,096**

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	
	2023	2022	2023	2022
	IDR million	IDR million	IDR million	IDR million
Cash at bank and on hand	172,281	233,919	18,749	40,972
Time deposits	201,769	592,291	–	471,930
Total cash and cash equivalents	**374,050**	**826,210**	**18,749**	**512,902**

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 3.0% to 6.8% for IDR denominated time deposits (2022: 2.3% to 6.5% for IDR denominated time deposits and 1.1% to 4.7% for USD denominated time deposits) per annum.

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

	Group		Company	
	2023	2022	2023	2022
	IDR million	IDR million	IDR million	IDR million
USD	48,809	127,173	–	–
SGD	4,334	12,323	4,334	12,323

21. Cash and short-term deposits (continued)

(b) Cash flow from operating activities

	Group	
	2023	**2022**
	IDR million	**IDR million**
Profit before taxation	3,861,896	4,570,577
Adjustments:		
Depreciation and amortisation	843,901	768,199
Employee defined benefits paid	(35,456)	(9,227)
Finance cost	129,003	130,443
Interest income	(175,336)	(167,209)
Post employment benefits	29,679	22,961
Unrealised foreign exchange (gain)/loss	(128,684)	369,777
Fair value changes in biological assets	81,088	87,458
Operating cash flows before working capital changes	4,606,091	5,772,979
Increase in trade and other receivables	(271,267)	(39,611)
Decrease/(increase) in inventories	739,974	(1,504,835)
Decrease/(increase) in prepaid taxes	158,154	(26,785)
Decrease/(increase) in prepayment and advances	39,453	(39,837)
Increase in deferred charges	(348)	(66)
(Decrease)/increase in trade and other payables	(283,484)	41,652
Decrease in accrued operating expenses	(98,963)	(44,953)
Decrease in other taxes payable	(80,242)	(84,582)
(Decrease)/increase in sales advances	(341,988)	176,275
Cash flows generated from operations	4,467,380	4,250,237
Income tax paid	(1,190,578)	(736,863)
Net cash flows generated from operating activities	**3,276,802**	**3,513,374**

(c) Notes to the consolidated statement of cash flows

During the financial year, the total net purchase of property, plant and equipment was IDR 1,157,258 million (2022: IDR 831,885 million) which represents total addition in property, plant and equipment of IDR 1,161,308 million (2022: IDR 837,370 million), net of proceeds received from disposal of property, plant and equipment.

22. Loans and borrowings

		Group		Company	
	Maturity date	**2023**	**2022**	**2023**	**2022**
		IDR million	**IDR million**	**IDR million**	**IDR million**
Current:					
IDR revolving loan facilities	May - July 2024	499,833	–	–	–
USD floating revolving loan facilities	June 2023	–	78,655	–	–
USD floating term loan facilities	March 2024	770,493	–	770,493	–
Non-current:					
USD floating term loan facilities		–	1,854,834	–	1,854,834
Loans and borrowings		**1,270,326**	**1,933,489**	**770,493**	**1,854,834**

22. Loans and borrowings (continued)

The Company and the Group have bilateral revolving facility agreements and term loan facility agreements with several banks in Singapore and Indonesia. Bilateral revolving facility agreements were entered in USD and IDR currencies with an aggregate principal amount of up to USD 225 million (2022: USD 220 million) and IDR 450 billion (2022: Nil), respectively. Aggregate principal amount for term loan facility agreements are up to USD 240 million (2022: USD 175 million).

As at 31 December 2023, the Group and the Company had outstanding balance of USD 50 million (equivalent to approximately IDR 770,493 million) (2022: USD 118 million (equivalent to approximately IDR 1,854,834 million) from the term loan facility and IDR 499,833 million (2022: USD 5 million (equivalent to approximately IDR 78,655 million)) from the revolving loan facility.

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. In 2022, the facilities that were not hedged bear average floating interest rate at reporting date of 3.10% per annum. As at 31 December 2023, there is no outstanding balance pertaining to the said facility.

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

				Non-cash changes			
	2022	**Cash inflows**	**Cash outflows**	**Foreign exchange**	**Amortisation of issuance costs**	**Other**	**2023**
	IDR million	**IDR million**	**IDR million**	**IDR million**	**IDR million**	**IDR million**	**IDR million**
Loans and borrowings:							
- current	78,655	500,000	(1,112,481)	(15,103)	1,562	1,817,693	1,270,326
- non-current	1,854,834	266,256	(276,606)	(26,791)	–	(1,817,693)	–
	1,933,489	**766,256**	**(1,389,087)**	**(41,894)**	**1,562**	**–**	**1,270,326**
Islamic medium term notes (Note 25)							
- non-current	1,421,992	–	–	(85,613)	103	–	1,336,482
	1,421,992	**–**	**–**	**(85,613)**	**103**	**–**	**1,336,482**

				Non-cash changes			
	2021	**Cash inflows**	**Cash outflows**	**Foreign exchange**	**Amortisation of issuance costs**	**Other**	**2022**
	IDR million	**IDR million**	**IDR million**	**IDR million**	**IDR million**	**IDR million**	**IDR million**
Loans and borrowings:							
- current	–	71,775	–	6,880	–	–	78,655
- non-current	1,752,641	–	(71,855)	172,773	1,275	–	1,854,834
	1,752,641	**71,775**	**(71,855)**	**179,653**	**1,275**	**–**	**1,933,489**
Islamic Medium Term Notes (Note 25)							
- non-current	2,390,425	–	(1,086,584)	117,980	171	–	1,421,992
	2,390,425	**–**	**(1,086,584)**	**117,980**	**171**	**–**	**1,421,992**

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	
	2023 IDR million	2022 IDR million	2023 IDR million	2022 IDR million
Trade payables	148,727	434,529	–	–
Other payables	27,266	24,950	1,327	94
Total trade and other payables	175,993	459,479	1,327	94
Loans and borrowings (Note 22)	1,270,326	1,933,489	770,493	1,854,834
Accrued operating expenses (Note 24)	258,406	277,030	29,857	34,418
Islamic medium term notes (Note 25)	1,336,482	1,421,992	1,336,482	1,421,992
Total financial liabilities carried at amortised cost	**3,041,207**	**4,091,990**	**2,138,159**	**3,311,338**

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	
	2023 IDR million	2022 IDR million	2023 IDR million	2022 IDR million
Accrued salaries and wages	170,465	166,629	1,135	1,084
Accrued interests	29,046	31,517	25,353	28,190
Professional fees	2,219	4,219	728	978
Accrued expenses	48,926	65,425	–	–
Others	7,750	9,240	2,641	4,166
Total accrued operating expenses	**258,406**	**277,030**	**29,857**	**34,418**

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. On 27 July 2022, the Group had fully redeemed the IMTN tranche 3 ahead its maturity.

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.

25. Islamic medium term notes (continued)

The IMTNs are unsecured and not listed on any stock exchange.

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 2023 IDR million	Group and Company 2022 IDR million
Fourth issuance	22 July 2026	4.20%	1,336,828	1,422,451
Less:				
Issuance costs			799	816
Accumulated amortisation			(453)	(357)
			346	459
Islamic medium term notes, net			**1,336,482**	**1,421,992**

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. Effective 2 February 2021, the Group applies the Government Regulation Number 35 Year 2021 (PP 35/2021), implementing the provisions of Article 81 and Article 185 (b) of Omnibus Law No. 11/2020 on Job Creation. 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:

	2023	2022
Normal Pension Age	55 years	55 years
Salary Increment Rate per annum	2.3% – 3.5%	1.0% – 6.0%
Discount Rate per annum	6.5% – 7.0%	6.2% – 7.4%
Mortality Rate	Indonesia – IV	Indonesia – IV
Resignation Level per annum	4% of 18 – 30 years	4% of 18 – 30 years

The estimated liability for post-employment benefits as at balance sheet date is as follows:

	Group 2023 IDR million	Group 2022 IDR million
Present value of defined benefit obligation	136,587	135,864
Fair value of plan assets	(20,753)	(21,797)
Net liability arising from defined benefit obligation	**115,834**	**114,067**

26. Employee benefits liability (continued)

Defined benefit plans (continued)

Remeasurement on defined benefit plans recognised in other comprehensive income are as follows:

	Group	
	2023	**2022**
	IDR million	**IDR million**
Actuarial loss/(gain) arising from changes in financial assumptions	7,545	(30,572)
Deferred tax effect from actuarial changes	(1,660)	7,010
	5,885	**(23,562)**

Changes in the present value of defined benefit obligations are as follows:

	Group	
	2023	**2022**
	IDR million	**IDR million**
As at 1 January	135,864	158,919
Interest cost	9,441	9,283
Current service cost	36,516	36,723
Actuarial gain arising from changes in assumptions	(8,231)	(53,012)
Past service cost	327	(1,490)
Benefits paid	(37,330)	(14,559)
As at 31 December	**136,587**	**135,864**

Changes in the fair value of plan assets are as follows:

	Group	
	2023	**2022**
	IDR million	**IDR million**
As at 1 January	21,797	28,413
Expected return on plan assets	1,610	2,090
Contribution during the year	35,212	9,000
Benefits paid	(37,086)	(14,333)
Actuarial loss on plan assets	(780)	(3,373)
As at 31 December	**20,753**	**21,797**

The allocation of the plan assets by each classes as at the end of the reporting period comprise the following:

	Group	
	2023	**2022**
Interest-bearing cash/bank deposits	80%	80%
Debt instruments:		
Bank Indonesia Certificates	0%	0%
Indonesia Government Bonds	20%	20%

All debt instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

26. Employee benefits liability (continued)

Defined benefit plans (continued)

The following table summarises the components of net post-employment benefits expense recognised in profit or loss as follows:

	Group	
	2023 IDR million	2022 IDR million
Current service cost	36,516	36,723
Interest cost on defined benefit obligation	9,441	9,283
Expected return on plan assets	(1,610)	(2,090)
Interest of effect of assets ceiling	–	47
Actuarial gain charged to profit/loss	(14,995)	(19,512)
Past service cost	327	(1,490)
Post-employment benefits expense	**29,679**	**22,961**

Post-employment benefits expense is recognised in the "General and administrative expenses" line item in the consolidated income statement.

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
2023		
Discount rates	+1%	(7,147)
	–1%	7,999
Salary increment rate per annum	+1%	7,263
	–1%	(6,580)
2022		
Discount rates	+1%	(8,692)
	–1%	9,792
Salary increment rate per annum	+1%	8,955
	–1%	(8,095)

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 8.86 years (2022: 8.61 years).

26. Employee benefits liability (continued)

Defined benefit plans (continued)

Shown below is the maturity analysis of the undiscounted benefit payments:

	Group	
	2023	2022
	IDR million	IDR million
Not later than one year	3,851	2,812
Later than one year but not later than five years	302,860	275,520
Later than five years	1,082,072	1,712,427
Total	**1,388,783**	**1,990,759**

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 2023, fair value loss of IDR 79,594 million (2022: fair value gain of IDR 150,385 million) had been included in other comprehensive income in respect of these contracts.

	Group and Company			
	2023		2022	
	Contract/ Notional Amount MYR million	Assets/ (Liabilities) IDR million	Contract/ Notional Amount MYR million	Assets/ (Liabilities) IDR million
Cross-currency swaps	400	(75,095)	400	1,232

	Group and Company			
	2023		2022	
	Contract/ Notional Amount USD million	Assets/ (Liabilities) IDR million	Contract/ Notional Amount USD million	Assets/ (Liabilities) IDR million
Interest rate swaps	50	9,123	82	67,556

28. Share capital and treasury shares

	Group and Company			
	2023		2022	
	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			
	2023		2022	
	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

During the financial year, the Company did not purchase any ordinary shares (2022: Nil) 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	
	2023	2022	2023	2022
	IDR million	IDR million	IDR million	IDR million
Discount received on acquisition of non-controlling interest	(150,814)	(178,077)	–	–
Fair value reserve from derivative financial instruments	87,749	167,343	87,749	167,343
	(63,065)	(10,734)	87,749	167,343

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 instruments 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	
	2023	**2022**
	IDR million	**IDR million**
Rental to related parties	11,039	11,741

The Group has entered into office premise lease agreements with Mr. Gunardi Hariyanto Lim and Goldwood Investments Ltd for an amount of IDR 4,493 million for the year ended 31 December 2023 (2022: IDR 4,541 million).

The Group has also entered into barge lease agreement with PT Lima Srikandi Jaya, a related party, amounting to IDR 6,546 million for the year ended 31 December 2023 (2022: IDR 7,200 million).

(b) *Compensation of key management personnel*

	Group	
	2023	**2022**
	IDR million	**IDR million**
Directors' fee	4,821	4,345
Short-term employee benefits	139,035	102,244
	143,856	106,589
Comprise amounts paid/payable to:		
Directors of the Company	67,509	51,223
Other key management personnel	76,347	55,366
	143,856	106,589

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 2023, 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 1,137,148 million (2022: IDR 1,170,476 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 2023 amounted to IDR 11,039 million (2022: IDR 11,741 million).

32. Contingencies and commitments (continued)

(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	
	2023	**2022**
	IDR million	**IDR million**
Capital commitment in respect of property, plant and equipment	177,841	249,798

Capital commitments comprise amounts related to committed cost for new mills construction, 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)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	IDR million	**IDR million**	**IDR million**	**IDR million**
2023				
Asset measured at fair value				
Non-financial assets:	–	–	207,530	207,530
Biological assets				
Financial assets:				
Derivative financial assets	–	9,123	–	9,123
Liabilities measured at fair value				
Financial Liabilities:				
Derivative financial liabilities	–	75,095	–	75,095

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)

Group	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	IDR million	IDR million	IDR million	IDR million
2022				
Asset measured at fair value				
Non-financial assets:				
Biological assets	–	–	288,618	288,618
Financial assets:				
Derivative financial assets	–	68,788	–	68,788

Company	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	IDR million	IDR million	IDR million	IDR million
2023				
Assets measured at fair value				
Financial assets:				
Derivative financial assets	–	9,123	–	9,123
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	75,095	–	75,095
2022				
Assets measured at fair value				
Financial assets:				
Derivative financial assets	–	68,788	–	68,788

33. Fair value of assets and liabilities (continued)

(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 instruments

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.

(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**
2023				
Recurring fair value measurements				
Biological assets	207,530	Income approach	Projected harvest quantities	141,410 Tonnes
			Average market price of FFB as at 31 December	2,377 IDR/kg
2022				
Recurring fair value measurements				
Biological assets	288,618	Income approach	Projected harvest quantities	139,092 Tonnes
			Average market price of FFB as at 31 December	2,466 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**
2023					
Liabilities					
Islamic medium term notes	–	1,341,932	–	1,341,932	1,336,482
2022					
Liabilities					
Islamic medium term notes	–	1,405,473	–	1,405,473	1,421,992

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 the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the 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 the Company's policy is to manage interest cost by switching to lower rate of loans and borrowings whenever the opportunity arises.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 2% (2022: 2%) lower/higher with all other variables held constant, the Group's profit before taxation would have been IDR 660 million (2022: IDR 763 million) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

34. Financial risk management objectives and policies

(a) Interest rate risk (continued)

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.

Interest Rate Benchmark Reform

The Group has transitioned its LIBOR-based hedging instrument and hedged items to SOFR at the same time with the same credit adjustment spread and the cash flows of the hedging instruments and the hedged items in each hedging relationship are perfectly matched. As such, the cash flow hedge accounting applied by the Group is preserved as the Group applied the relief under Phase 2 amendments to SFRS(I) 9 and there is no or minimal hedge ineffectiveness arising from the transitions.

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 hegded 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	**2023**
Hedged item	**USD floating rate term loan facilities**
Line item in the balance sheet that includes the hedged item	Current loans and borrowings
Carrying amount of hedged item	IDR 770,493 million
Balances in the cash flow hedge reserve	IDR 9,123 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
Notional amount	USD 50 million
Hedging loss for the period recognised in OCI	IDR 58,433 million
Weighted average hedged rate at maturity date	**2.0625**

Cash flow hedge	**2022**
Hedged item	**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 1,288,989 million
Balances in the cash flow hedge reserve	IDR 67,556 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 gain for the period recognised in OCI	IDR 56,928 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 2023, the Group's costs denominated in foreign currencies amounted to approximately 0.24% (2022: 0.67%).

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	
	2023	**2022**
	Profit before taxation	**Profit before taxation**
	IDR million	**IDR million**
IDR/USD		
- Strengthened by 5%	2,440	6,359
- Weakened by 5%	(2,440)	(6,359)

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.

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	**2023**
Hedged item	**Islamic Medium Term Notes**
Carrying amount of hedged item	IDR 1,336,482 million
Balances in the cash flow hedge reserve	IDR 78,626 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 2026
Notional amount	MYR 400 million
Hedging loss for the period recognised in OCI	IDR 21,161 million
Weighted average hedged MYR/USD rate at maturity date	**4.1370**

34. Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

Cash flow hedges (continued)

Cash flow hedge	**2022**
Hedged item	**Islamic Medium Term Notes**
Carrying amount of hedged item	IDR 1,421,992 million
Balances in the cash flow hedge reserve	IDR 99,787 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 2026
Notional amount	MYR 400 million
Hedging gain for the period recognised in OCI	IDR 93,457 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 2023 would have been IDR 1,544,289 million (2022: IDR 1,582,928 million) higher/lower.

(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.

34. Financial risk management objectives and policies (continued)

(d) Credit risk (continued)

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(a)).

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 2023, approximately 99.7% (2022: 88.4%) of the Group's trade receivables were due from 3 major customers in 2023 (2022: 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 (2022: 2 major customers) contribute approximately 79.5% (2022: 78.8%) of the Group's total revenues for the year ended 31 December 2023.

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 2023, approximately 48.7% (2022: 2.3%) of the Group's and the 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				
2023				
Financial assets:				
Derivative financial assets:				
- Cross-currency swaps (gross receipts)	56,303	1,424,270	–	1,480,573
- Cross-currency swaps (gross payments)	(45,909)	(1,561,991)	–	(1,607,900)
- Interest rate swaps (gross receipts)	10,898	–	–	10,898
- Interest rate swaps (gross payments)	(3,180)	–	–	(3,180)
Trade and other receivables	485,556	–	–	485,556
Due from related companies	50	–	–	50
Plasma receivables	632,706	991,406	–	1,624,112
Cash and short-term deposits	374,050	–	–	374,050
Total undiscounted financial assets	1,510,474	853,685	–	2,364,159
Financial liabilities:				
Loans and borrowings	1,295,750	–	–	1,295,750
Islamic medium term notes	56,303	1,424,270	–	1,480,573
Trade and other payables	175,993	–	–	175,993
Accrued operating expenses	258,406	–	–	258,406
Total undiscounted financial liabilities	1,786,452	1,424,270	–	3,210,722
Total net undiscounted financial assets/(liabilities)	**(275,978)**	**(570,585)**	**–**	**(846,563)**

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				
2022				
Financial assets:				
Derivative financial assets:				
- Cross-currency swaps (gross receipts)	59,745	1,575,382	–	1,635,127
- Cross-currency swaps (gross payments)	(46,847)	(1,640,883)	–	(1,687,730)
- Interest rate swaps (gross receipts)	77,288	15,845	–	93,133
- Interest rate swaps (gross payments)	(26,609)	(5,455)	–	(32,064)
Trade and other receivables	214,855	–	–	214,855
Due from related companies	50	–	–	50
Plasma receivables	283,529	1,544,101	–	1,827,630
Cash and short-term deposits	826,210	–	–	826,210
Total undiscounted financial assets	1,388,221	1,488,990	–	2,877,211
Financial liabilities:				
Loans and borrowings	190,921	1,877,243	–	2,068,164
Islamic medium term notes	59,745	1,575,382	–	1,635,127
Trade and other payables	459,479	–	–	459,479
Accrued operating expenses	277,030	–	–	277,030
Total undiscounted financial liabilities	987,175	3,452,625	–	4,439,800
Total net undiscounted financial assets/(liabilities)	**401,046**	**(1,963,635)**	**–**	**(1,562,589)**

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				
2023				
Financial assets:				
Due from subsidiaries	285,461	3,225,125	–	3,510,586
Trade and other receivable	299	–	–	299
Derivative financial assets				
- Cross-currency swaps (gross receipts)	56,303	1,424,270	–	1,480,573
- Cross-currency swaps (gross payments)	(45,909)	(1,561,991)	–	(1,607,900)
- Interest rate swaps (gross receipts)	10,898	–	–	10,898
- Interest rate swaps (gross payments)	(3,180)	–	–	(3,180)
Cash and short-term deposits	18,749	–	–	18,749
Total undiscounted financial assets	322,621	3,087,404	–	3,410,025
Financial liabilities:				
Trade and other payables	1,327	–	–	1,327
Loans and borrowings	781,366	–	–	781,366
Islamic medium term notes	56,303	1,424,270	–	1,480,573
Accrued operating expenses	29,857	–	–	29,857
Total undiscounted financial liabilities	868,853	1,424,270	–	2,293,123
Total net undiscounted financial (liabilities)/assets	**(546,232)**	**1,663,134**	**–**	**1,116,902**
2022				
Financial assets:				
Due from subsidiaries	315,169	4,025,018	–	4,340,187
Trade and other receivables	963	–	–	963
Derivative financial assets				
- Cross-currency swaps (gross receipts)	59,745	1,575,382	–	1,635,127
- Cross-currency swaps (gross payments)	(46,847)	(1,640,883)	–	(1,687,730)
- Interest rate swaps (gross receipts)	77,288	15,845	–	93,133
- Interest rate swaps (gross payments)	(26,609)	(5,455)	–	(32,064)
Cash and short-term deposits	512,902	–	–	512,902
Total undiscounted financial assets	892,611	3,969,907	–	4,862,518
Financial liabilities:				
Trade and other payables	94	–	–	94
Loans and borrowings	110,105	1,877,243	–	1,987,348
Islamic medium term notes	59,745	1,575,382	–	1,635,127
Accrued operating expenses	34,418	–	–	34,418
Total undiscounted financial liabilities	204,362	3,452,625	–	3,656,987
Total net undiscounted financial assets	**688,249**	**517,282**	**–**	**1,205,531**

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 2023 and 2022.

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.

The Group's net debt to adjusted equity ratio at the end of the financial years ended 31 December 2023 and 2022 are as follows:

	Group	
	2023	**2022**
	IDR million	**IDR million**
Loans and borrowings (Note 22)	1,270,326	1,933,489
Islamic medium term notes (Note 25)	1,336,482	1,421,992
Less:		
Cash and short-term deposits (Note 21(a))	(374,050)	(826,210)
Net debt	**2,232,758**	**2,529,271**
Equity attributable to owners of the Company	**13,305,828**	**12,493,674**
Gearing ratio	**16.8%**	**20.2%**

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	
	2023	**2022**
	IDR million	**IDR million**
Declared and paid during the financial year:		
Dividend on ordinary shares:		
- Final exempt (one-tier) dividend for 2022: SGD 0.0442 (2021: SGD 0.033) per share	853,645	597,963
- Special exempt (one-tier) dividend for 2022: SGD 0.0213 (2021: Nil) per share	410,592	–
- Interim tax exempt (one-tier) dividend for 2023: SGD 0.0125 (2022: SGD 0.0125) per share	244,593	230,385
	1,508,830	828,348

The Directors have recommended for the Company to pay a final tax-exempt dividend of SGD 0.0363 per ordinary share and special dividend of SGD 0.0192 per ordinary share in respect of the financial year ended 31 December 2023. The payment of the dividend will be subject to the approval by shareholders at the forthcoming Annual General Meeting.

37. Subsequent events

Subsequent to the year end, in February and March 2024, the Group and the Company have drawdown on the term loan facilities from several banks in Singapore and Indonesia.

38. Authorisation of financial statements for issue

The financial statements for the years ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 27 March 2024.

SHAREHOLDERS' INFORMATION

As at 12 March 2024

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	8	0.46	205	0.00
100 - 1,000	199	11.51	162,546	0.01
1,001 - 10,000	803	46.44	4,859,830	0.28
10,001 - 1,000,000	691	39.97	41,489,905	2.39
1,000,001 and above	28	1.62	1,687,631,558	97.32
	1,729	100.00	1,734,144,044	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Wellpoint Pacific Holdings Ltd	749,157,774	43.20
2.	Oakridge Investments Pte Ltd	535,050,070	30.85
3.	DBS Nominees Pte Ltd	194,264,066	11.20
4.	Citibank Nominees Singapore Pte Ltd	38,423,082	2.22
5.	Raffles Nominees (Pte) Limited	35,244,375	2.03
6.	United Overseas Bank Nominees Pte Ltd	24,653,000	1.42
7.	Lynwood Capital Resources Pte Ltd	21,622,000	1.25
8.	DBSN Services Pte Ltd	14,757,207	0.85
9.	HSBC (Singapore) Nominees Pte Ltd	10,236,488	0.59
10.	Kong Goon Siong or Kong Goon Khing	8,900,000	0.51
11.	OCBC Securities Private Ltd	7,685,100	0.44
12.	UOB Kay Hian Pte Ltd	7,140,300	0.41
13.	ABN Amro Clearing Bank N.V.	6,303,700	0.36
14.	Phillip Securities Pte Ltd	5,633,704	0.33
15.	DBS Vickers Securities (S) Pte Ltd	5,364,500	0.31
16.	Morgan Stanley Asia (S) Securities Pte Ltd	2,756,092	0.16
17.	CGS-CIMB Securities (Singapore) Pte Ltd	2,581,300	0.15
18.	Maybank Securities Pte. Ltd.	2,512,700	0.15
19.	iFast Financial Pte Ltd	2,472,300	0.14
20.	Christine Tay Han Hui	2,379,000	0.14
	Total	1,677,136,758	96.71

SHAREHOLDERS' INFORMATION

As at 12 March 2024

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Substantial Shareholders	**Number of Shares**	**%[1]**	**Number of Shares**	**%[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 their joint interest in Fortune Corp Limited, which is vested with the power to manage the voting rights of the shares of Wellpoint Pacific Holdings Ltd owned by 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 157,400,000 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 12 March 2024, approximately 15.614% 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 Pan Pacific Singapore, Ocean 4-5, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Monday, 22 April 2024 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 2023 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a special dividend of S$0.0192 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2023 (2022: special dividend of S$0.0213).

   (Resolution 2)

3. To declare a final dividend of S$0.0363 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2023 (2022: final dividend of S$0.0442).

   (Resolution 3)

4. To re-elect the following directors of the Company retiring pursuant to Regulation 91 of the Company's Constitution:

Mr. Lim Hung Siang	(retiring under Regulation 91)	**(Resolution 4)**
Mr. Witjaksana Darmosarkoro	(retiring under Regulation 91)	**(Resolution 5)**

   Mr. Lim Hung Siang will, upon re-election as a director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee, the Governance & Nominating Committee and the Conflicts Resolution & Enterprise Risk Management Committee. Mr. Lim Hung Siang will be considered independent for the purpose 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 Conflicts Resolution & Enterprise Risk Management Committee and the Governance & Nominating Committee, and a member of the Audit Committee. Mr. Witjaksana Darmosarkoro will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   [See Explanatory Note (i)]

5. To approve the payment of directors' fees of S$424,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears (2023: S$424,000).

   (Resolution 6)

6. To re-appoint Ernst & Young LLP as the Company's auditors and to authorise the directors to fix their remuneration.

   (Resolution 7)

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 5 April 2024 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 (ii)]

(Resolution 8)

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 company warrants or other 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, notwithstanding that the general mandate may have ceased to be in force at the time the securities are issued, provided that the adjustment does not give the holder a benefit that a shareholder does not receive; 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 (iii)]

(Resolution 9)

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 (iv)]

(Resolution 10)

By Order of the Board

Chiang Wai Ming
Company Secretary

Singapore, 5 April 2024

NOTICE OF ANNUAL GENERAL MEETING

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 Hung Siang 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 60 of the Annual Report.

(ii) The Ordinary Resolution 8 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 5 April 2024 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 8. 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 5 April 2024 to the Annual Report.

(iii) The Ordinary Resolution 9 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.

(iv) The Ordinary Resolution 10 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 5 April 2024 to the Annual Report.

Notes:

1. The members of the Company are invited to **attend physically** the AGM. **There will be no option for shareholders to participate virtually.** 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. Members (including Central Provident Fund Investment Scheme members ("**CPF Investors**") and/or Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the AGM by:

   (a) attending the AGM in person;
   (b) raising questions at the AGM or submitting questions in advance of the AGM; and/ or
   (c) voting at the AGM
       (i) by themselves personally; or
       (ii) through their duly appointed proxy(ies).

   CPF Investors or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **10.00 a.m. on 11 April 2024**, being seven (7) working days prior to the date of the AGM.

   Please bring along your NRIC/passport for registration on the day of the AGM so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process. If any member feels unwell prior to the AGM, they are advised not to attend the AGM and are strongly encouraged to exercise social responsibility to rest at home and consider appointing a proxy(ies) to attend the AGM. We encourage members to mask up when attending the AGM.

3. A member who is not a *Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

   Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

4. A member who is a *Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   *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.

5. A member (whether individual or corporate) can appoint the Chairman of the AGM as his/her/its proxy **but** this is **not mandatory.**

   If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) shall give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction is given as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The proxy form must be submitted to the Company in the following manner:

   (a) by posting a physical copy to the registered office address of the Company at 10 Anson Road, #11-19 International Plaza, Singapore 079903, or

   (b) by sending a scanned PDF copy via email to the Company at *register@bumitama-agri.com.*

   in either case, by **19 April 2024, 10.00 a.m**., being no later than seventy-two (72) hours before the time fixed 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.

   The instrument appointing a proxy(ies) must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy(ies) is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

   The Company shall be entitled to reject the instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument of proxy (such as in the case where the appointer submits more than one (1) instrument of proxy).

   In the case of a member whose shares are entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore Statutes), the Company may reject any instrument of proxy lodged if such member, being the appointer, is not shown to have any shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

7. Members may raise questions at the AGM or submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. For members who would like to submit questions in advance of the AGM, they may do so by **12 April 2024, 10.00 a.m.:**

   (a) by posting a physical copy to the registered office address of the Company at 10 Anson Road, #11-19 International Plaza, Singapore 079903, or

   (b) by sending an email to the Company at *investor.relations@bumitama-agri.com.*

Members submitting questions are requested to state: (a) their full name; and (b) the member's identification/ registration number, failing which the Company shall be entitled to regard the submission as invalid. The Company will publish its responses to the substantial and relevant questions submitted by members prior to the abovementioned deadline by 17 April 2024, 10.00 a.m. which is at least 48 hours prior to the closing date and time for the lodgement of the proxy forms.

8. For questions received after 12 April 2024, the Company will endeavour to address all substantial and relevant questions submitted by members prior to or during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. The Company will publish the responses to such questions together with the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of the AGM.

Personal data privacy:

By submitting an instrument appointing the proxy(ies) 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 proxy(ies) (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.

IMPORTANT

1. A relevant intermediary may appoint more than two (2) proxies to attend the AGM (as defined below) and vote (please see Note 3 for the definition of "**Relevant Intermediary**").
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy by 11 April 2024, being seven (7) working days prior to the date of the AGM, in which case, the CPF Investors and SRS Investors shall be precluded from attending the AGM.
3. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	**(%)**
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	**(%)**
Address			

or failing the person, or either or both of the persons referred to above, the Chairman of the Annual General Meeting ("**AGM**") as *my/our *proxy/proxies to attend, speak or vote on *my/our behalf at the AGM of the Company to be held at Pan Pacific Singapore, Ocean 4-5, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595, on Monday, 22 April 2024 at 10.00 a.m. and at any adjournment thereof.

*I/We have directed *my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions are given as to voting or abstentions from voting, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they will on any other matters arising at the AGM and/or at any adjournment thereof. In the event that the Chairman of the AGM is appointed as proxy and no specific directions are given as to voting or abstentions from voting 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 2023			
2	Payment of special dividend			
3	Payment of final dividend			
4	Re-election of Mr. Lim Hung Siang as Director			
5	Re-election of Mr. Witjaksana Darmosarkoro as Director			
6	Approval of Directors' fees amounting to S$424,000 for the financial year ending 31 December 2024			
7	Re-appointment of Ernst & Young LLP as Auditors			
8	Renewal of Shareholders' Mandate for Interested Person Transactions with IOI Corporation Berhad and its Associates			
9	Share Issue Mandate			
10	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 proxy(ies) 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 ________________ 2024

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. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

   Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.
3. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming 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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Affix postage stamp

Bumitama Agri Ltd.
10 Anson Road
#11-19 International Plaza
Singapore 079903

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4. A member (whether individual or corporate) can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.
5. The instrument appointing a proxy(ies) must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy(ies) is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, 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 proxy form must be deposited to the Company in the following matter:

   (a) by posting a physical copy to the registered office address of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903; or

   (b) by sending a scanned PDF copy via email to the Company at *register@bumitama-agri.com*

   in either case, by **19 April 2024, 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.
8. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2024.

General

The Company shall be entitled to reject the instrument appointing a proxy(ies) and/or representative(s) 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 aforesaid instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) and/or representative(s) 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)

Lawrence Lua Gek Pong

Witjaksana Darmosarkoro

AUDIT COMMITTEE

Lim Hung Siang
(Chairman)

Lawrence Lua Gek Pong

Witjaksana Darmosarkoro

GOVERNANCE & NOMINATING COMMITTEE

Witjaksana Darmosarkoro
(Chairman)

Lim Hung Siang

Lawrence Lua Gek Pong

REMUNERATION COMMITTEE

Lawrence Lua Gek Pong
(Chairman)

Lim Hung Siang

CONFLICTS RESOLUTION & ENTERPRISE RISK MANAGEMENT COMMITTEE

Witjaksana Darmosarkoro
(Chairman)

Lawrence Lua Gek Pong

Lim Hung Siang

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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