

ANNUAL REPORT
2023

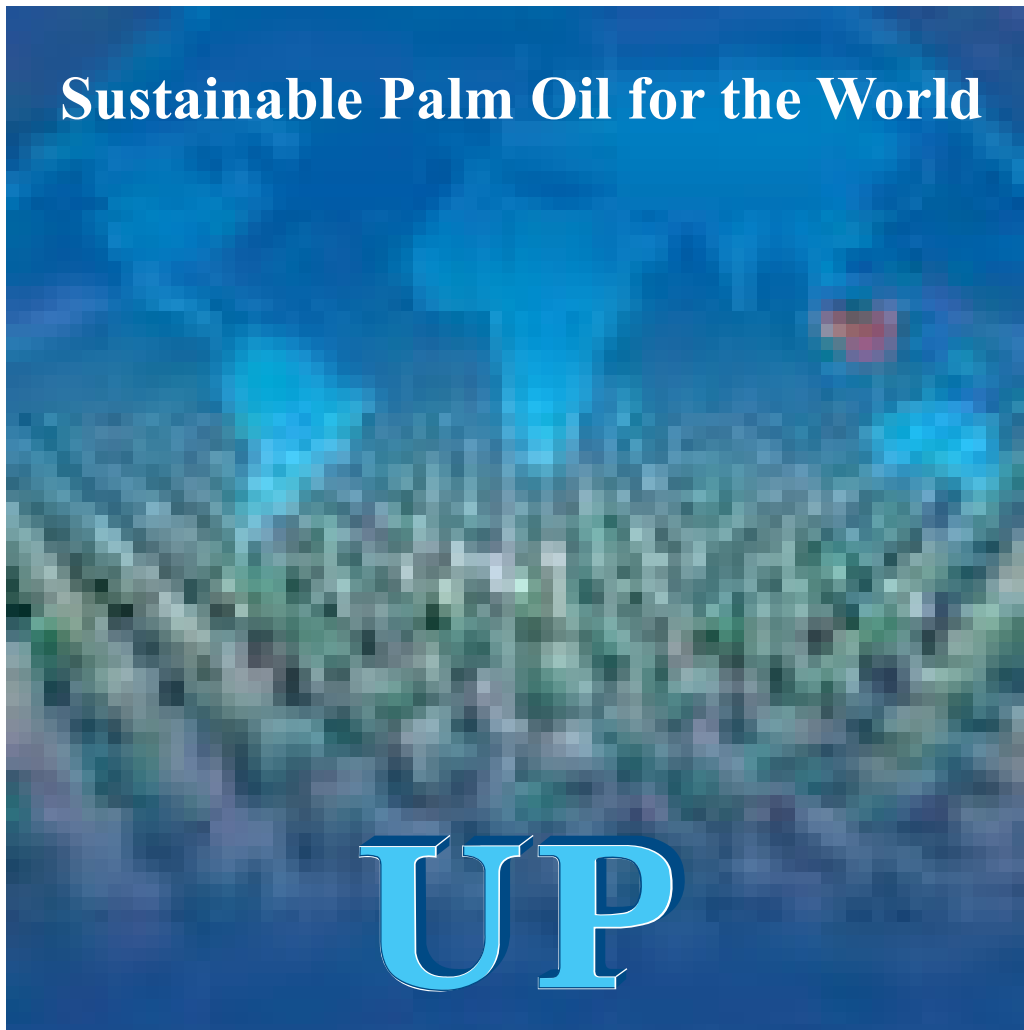


UP

UNITED PLANTATIONS BERHAD

(Company Registration No. 191701000045 (240-A))

Group Philosophy



We strive towards being recognized as second to none within the plantation industry, producing high quality products, always focusing on the sustainability of our practices and our employees' welfare whilst attaining acceptable returns for our shareholders.



Front Cover:

UP's light railway network stretching over 600km remains of vital importance in terms of facilitating an efficient and gentle transportation of its fresh fruit bunches from the fields to the mills.

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United Plantations in brief

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

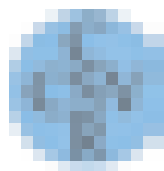
Today UP is one of the larger medium sized plantation groups in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad with a market capitalization of approximately RM7.41 billion at the end of its financial year 31 December 2023.

UP's core business activity lies within the cultivation of oil palm and coconuts. Its total landbank covers approximately 62,500ha of which 51,000ha is cultivated in Malaysia (83%) and Indonesia (17%) and is supported by 6,624 employees across the Group.

UP possesses considerable know-how in plant breeding, agronomy and tissue culture through its R & D facilities established in the early 1950's, ensuring the development of new and improved planting materials as well as improved crop husbandry practices.

The Group is also engaged in several downstream activities such as edible oil refining as well as producing and packaging of specialty fats based on certified sustainable palm oil and strong emphasis on high quality and food safety standards.

Through its focus on Corporate Social Responsibility and Creating Shared Value combined with sound managerial and technical expertise, UP is today recognised as a global leader in terms of sustainability, high yields, cost competitiveness and innovative practices that are operationalised throughout its plantations.



Corporate Social Responsibility and Creating Shared Value

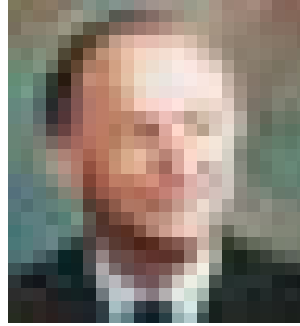
The UP Legacy And Values



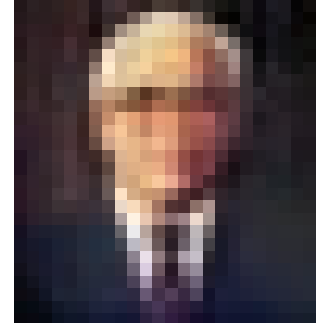
*Aage Westenholz,
Chairman and Founder of UP Ltd
(1906-1935)*



*Commander William Lennart Grut,
Chairman of UP Ltd (1935-1949)*



*Tan Sri Dato' Seri B. Bek-Nielsen,
Chairman (1978-1982) and
Sr. Executive Director of UPB
(1971-2003)*



*Tan Sri Haji Basir bin Ismail
Chairman of UPB (1982-2002)*

History and Responsible Agriculture

UP's commitment to sustainable agriculture originated with its founder, a Danish Engineer and Entrepreneur, Aage Westenholz who established UP in 1906.

Westenholz not only promoted a strong culture of innovation and imaginative approach to business strategy but also of ethical conduct within plantation agriculture.

He was known for his philosophical ideals of co-operative working and profit sharing and promoted the following concept: "capital and labour ought to co-operate as two hands on the same body guided by one brain."

Westenholz was also known for setting the highest standards for the workforce, within the conditions of the day, and had as early as 1928 established a well-functioning hospital with good facilities and medical personnel to cater for the needs of the employees and their families as well as the communities surrounding the estates.

Another key figure during the foundation of UP was Westenholz's brother-in-law, a navy officer, Commander William Lennart Grut.

The two stalwarts, Westenholz and Grut not only linked together in kinship, also shared common values of Vision, Compassion, Discipline and introduced the first jungle sanctuary (The Grut Sanctuary) as well as the concept of mulching to maintain soil fertility in the 1930s.

The focus on innovation and care for employees combined with ethical values laid down by our pioneers signifies the beginning of UP's early focus on Corporate Social Responsibility (CSR) which has become a part of the Company's DNA and emphasises the responsibility to manage our resources resourcefully and engage in activities that optimize returns for our shareholders and at the same time Creating Shared Value (CSV) for employees and the society we operate in.

The central premises behind CSV are that the competitiveness of our Company and the health of the communities around us are mutually dependent, thus enabling UP to create economic value by also creating societal value.

Building Bridges Between Two Nations

The late Tan Sri B. Bek-Nielsen who started his career with UP in 1951, continued the legacy of the early founders through hard work, discipline and being firm but fair throughout his career spanning more than 50 years. He was instrumental in expanding the Group through technical as well as agronomic innovation focusing on producing palm oil of superior quality.

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

Over the last 118 years since our foundation, UP has been focusing on maintaining social and environmental awareness and striving to the best of its abilities to create a balance between economy and ecology.

This focus resulted in UP being awarded the world's first Roundtable on Sustainable Palm Oil certificate in 2008.

UP firmly believes "That no one person at the top is stronger than the pyramid of people who supports him or her". Emphasis on the attitude of continuous improvement combined with the values of Integrity, Discipline, being Innovative and focusing on Social and Environment care are key aspects of UP's unique culture which is best described through our motto "Second to None".



UP Geography of Karnataka in English | Reference

1. Bangalore	1000000
2. Mysore	500000
3. Mangalore	500000
4. Hubli	500000
5. Dharwad	500000
6. Bidar	500000
7. Bellary	500000
8. Channarayana	500000
9. Channarayana	500000
10. Channarayana	500000
11. Channarayana	500000
12. Channarayana	500000
13. Channarayana	500000
14. Channarayana	500000
15. Channarayana	500000



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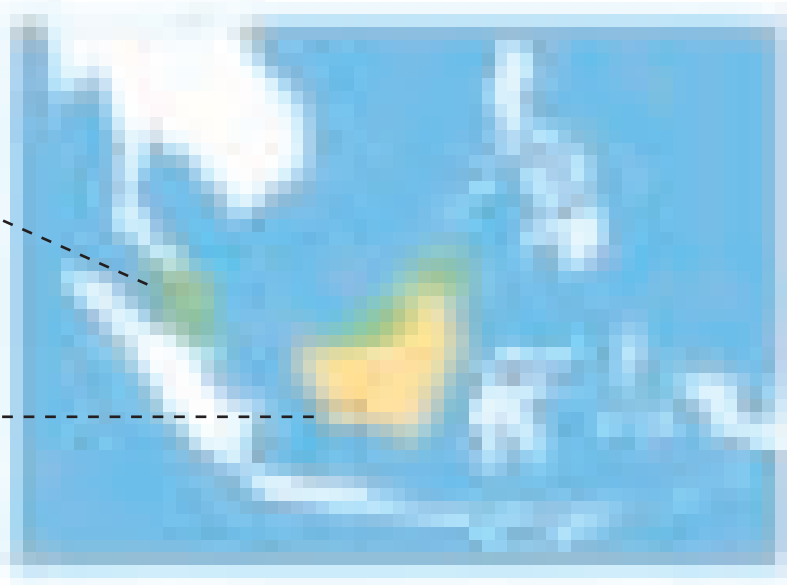
1. Bangalore	1000000
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Table 1. Summary of the Study

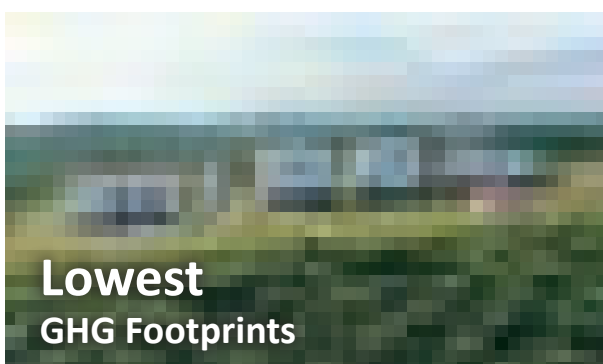
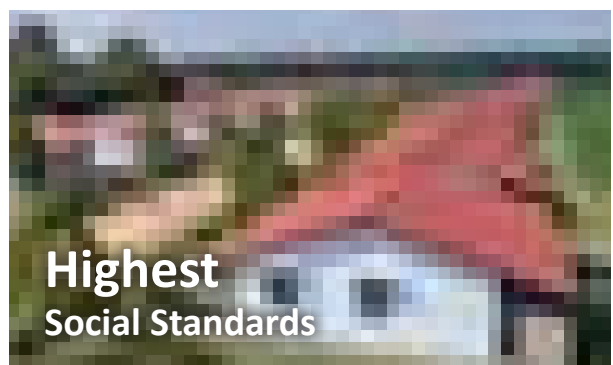
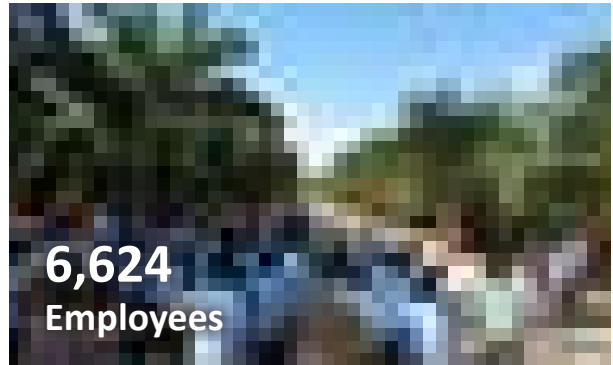
Study	Year	Location	Sample Size	Methodology	Findings
1	2010	USA	1000	Survey	High awareness of climate change
2	2011	UK	500	Interviews	Low awareness of climate change
3	2012	India	2000	Survey	Low awareness of climate change
4	2013	China	1500	Survey	High awareness of climate change
5	2014	Japan	800	Survey	High awareness of climate change
6	2015	Germany	1200	Survey	High awareness of climate change
7	2016	France	900	Survey	High awareness of climate change
8	2017	Canada	1100	Survey	High awareness of climate change
9	2018	Australia	700	Survey	High awareness of climate change
10	2019	South Africa	600	Survey	Low awareness of climate change

Figure 1. Summary of the Study

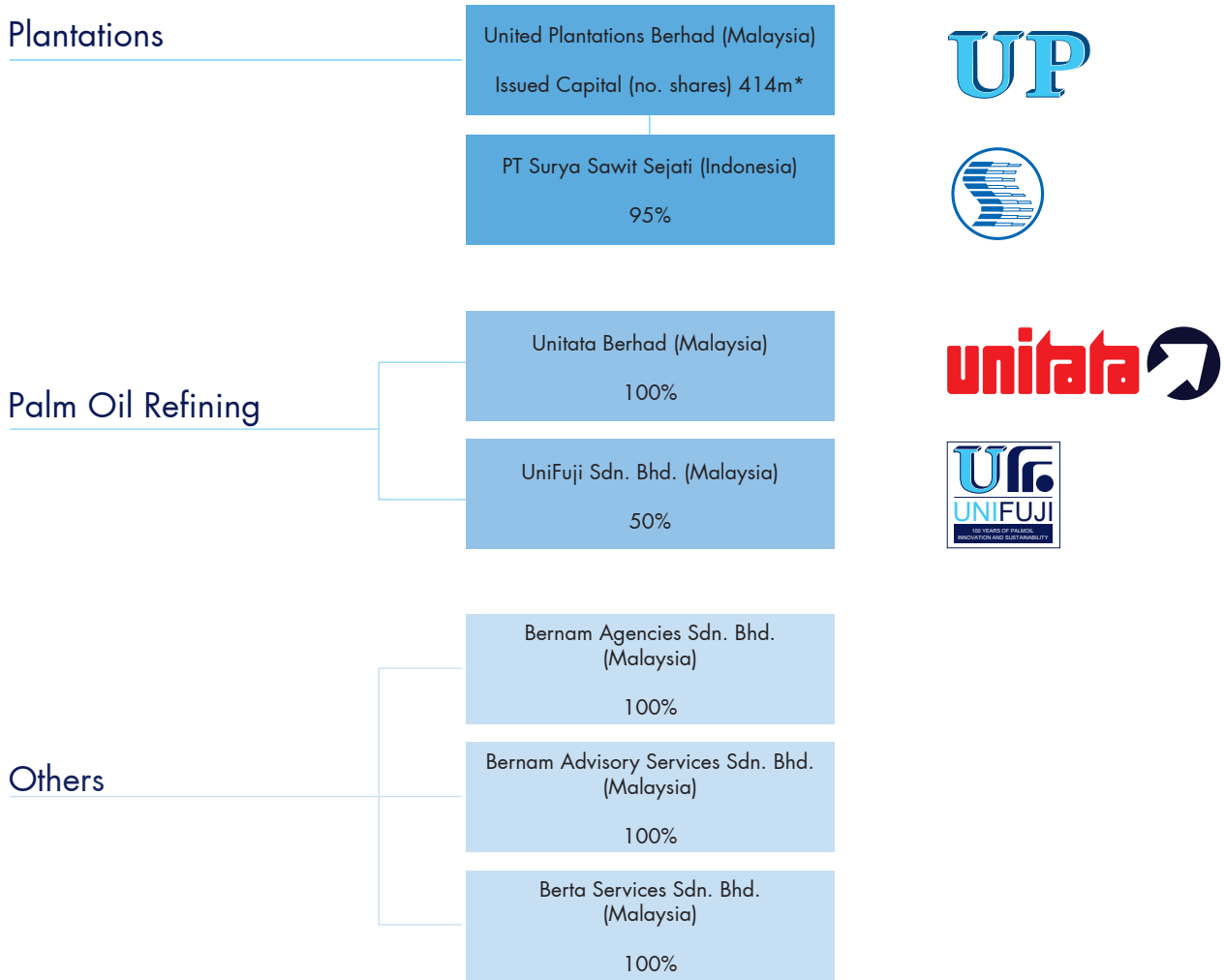
Figure 2. Summary of the Study



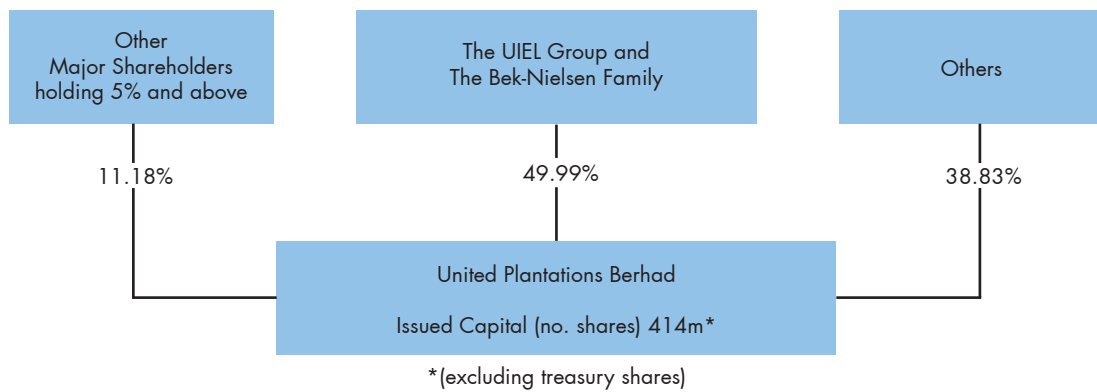
UP at a Glance



Group Structure as at 31 January 2024



General Shareholding Structure Group as at 31 January 2024



Financial Highlights (5 Years)

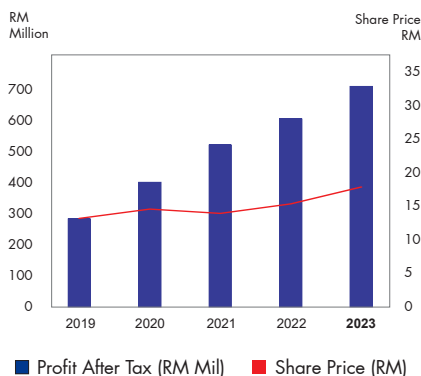
	2023	2022	Change (%)	2021	2020	2019
Revenue (RM' Million)	2,014	2,515	(19.92)	2,033	1,340	1,173
Profit Before Tax (RM' Million)	933	846	10.28	683	506	358
Profit After Tax (RM' Million)	711	606	17.33	522	402	284
Earnings Per Share (Sen)*	171	145	17.93	125	96	68
Net Dividend Per Share (Sen)**	190	140	35.71	115	85	67.5
Dividend Payout Ratio	1.11	0.97	14.43	0.92	0.89	0.99
Dividend yield as at 31 December (%)	10.67	9.15	16.61	8.29	5.85	5.14
Total Equity (RM' Million)	2,867	2,905	(1.31)	2,685	2,631	2,554
Return on Equity (%)	24.80	20.86	18.88	19.44	15.28	11.12
Total Borrowings (RM' Million)	0.021	0.248	(91.53)	0.001	0.1	0.1
Non-Controlling Interests (RM' Million)	17.0	14.0	21.43	10.7	10.9	9.2
Cash Position (RM' Million)	634	779	(18.61)	478	465	459
Total Assets (RM' Million)	3,264	3,319	(1.66)	3,153	2,975	2,858
Total Liabilities (RM' Million)	396	414	(4.35)	468	344	304
Year-End Closing Share Price (RM)*	17.80	15.30	16.34	13.88	14.52	13.14

* Comparative adjusted for Bonus Issue

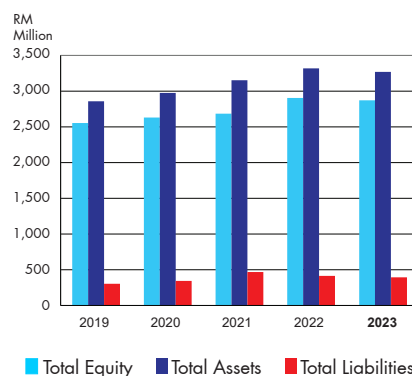
** Including proposed Final Dividend

Financial Graphs (5 Years)

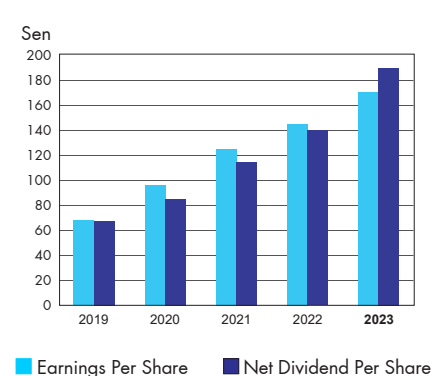
Profit After Tax and Year-End Share Price



Total Equity, Total Assets and Total Liabilities



Earnings Per Share and Net Dividend Per Share



Group Production & Yield

CPO PRODUCTION

265,973

METRIC TONNES

↑ 4.6%

PK PRODUCTION

55,232

METRIC TONNES

↑ 6.4%

COCONUT PRODUCTION

83.6

MILLION NUTS

↓ 2.9%

CPO YIELD

6.11

METRIC TONNES/HECTARE

↑ 3.7%

Group Planted Areas (Ha)

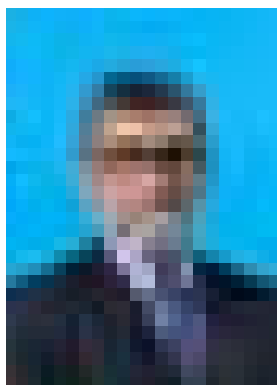
TOTAL OIL PALM
MATURE **43,409** | IMMATURE **2,818**
TOTAL **46,227**

TOTAL COCONUT
MATURE **4,139** | IMMATURE **488**
TOTAL **4,627**



Tall palm harvesting is a highly skilled manual operation.

Profile Of Directors



Dato' Mohamad Nasir bin Ab. Latif

*Chairman, Independent,
Non-Executive Director.*

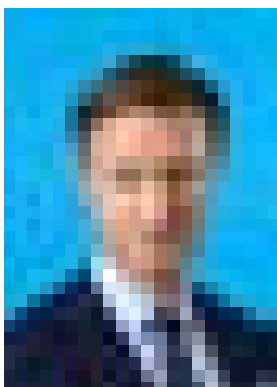
Appointed director of the Company on 1 February 2020 and elected Chairman of the Board on 22 April 2021.

Dato' Mohamad Nasir bin Ab. Latif, born in 1958, a Malaysian, graduated in 1989 with a Bachelor's degree in Social Science (Economics)

from Universiti Sains Malaysia and obtained a Certified Diploma in Accounting and Finance from the Association of Chartered Certified Accountants in 1996. He holds a Master of Science in Investment Analysis from University of Sterling, United Kingdom in 1999.

His career at the Employees Provident Fund Board (EPF) spanned 37 years, starting out as a State Enforcement Officer and rising through the ranks to becoming General Manager of the International Equity Department before becoming EPF's Investment Chief in 2013. He retired as Deputy Chief Executive Officer (Investment) from EPF on 31 December 2019.

He is the Chairman of PLUS Malaysia Berhad, RHB Islamic Bank, Malaysian Resources Corporation Berhad (MRCB) and the Investment Panel of Kumpulan Wang Persaraan (Kwap). He also serves as a member of the Board of Directors of RHB Bank Berhad, Yinson Holdings Berhad and is the Investment Panel Member of Lembaga Pembangunan Langkawi (LADA).



Dato' Carl Bek-Nielsen

*Vice Chairman,
Chief Executive Director (CED),
Non-Independent, Director-in
Charge of Unitata Berhad*

Appointed director of the Company on 1 January 2000 and elected Vice Chairman on 8 March 2002 and appointed Chief Executive Director (CED) of United Plantations Berhad on 1 January 2013.

Dato' Carl Bek-Nielsen,

born in Petaling Jaya in 1973, is a Danish citizen with a Permanent Resident status in Malaysia. He started his career with the Company in 1993 as a Cadet Planter leaving a year later to pursue his tertiary education in Denmark, graduating with a B.Sc. degree in Agricultural Science from the Royal Veterinary and Agriculture University of Denmark. In 1998 he returned to Malaysia to take up the position of Corporate Affairs Officer with the Company. He was promoted to the position of Executive Director (Corporate Affairs) on 1 March 2000. On 9 November 2004 he was appointed Director In-Charge of Unitata Berhad.

He is the Chairman of United International Enterprises Limited (UIEL), a public listed company on the NASDAQ OMX Copenhagen A/S. He is also a Board

Member of the Schorling holding company, based in Stockholm.

He has been a Council Member of the Malaysian Palm Oil Association (MPOA) since 2005. For 9½ years from 2014 to 2023, he was appointed the RSPO Board of Governors as Co-Chair representing MPOA. In February 2023, he chose not to seek re-election deciding to stepdown. He has also served as a Council member of the Malaysian Palm Oil Council (MPOC) from 2005 to 2020 and was appointed Chairman of MPOC on 1 May 2023. He was also on the Programme Advisory Committee to the Malaysian Palm Oil Board (MPOB) from 2008 to 2019.

On 19 April 2008, he was conferred Darjah Dato' Paduka Mahkota Perak (DPMP) which carries the title "Dato'" by Duli Yang Maha Mulia Paduka Seri, Sultan Perak Darul Ridzuan, Sultan Azlan Muhibbuddin Shah Ibnu Almarhum Sultan Yussuf Izzuddin Shah Ghafarullahu-Lah.

On 21 April 2021, Her Majesty Queen Magrethe the II of Denmark appointed him as the Honorary Consul General of Denmark to Putra Jaya and Kuala Lumpur and Honorary Consul of Denmark to Perak, Johore, Malacca, Negri Sembilan, Pahang, Selangor and Terengganu.

On 11 December 2023, he was conferred the Darjah Kebesaran Datuk Paduka Mahkota Selangor (DPMS) award which carries the title of "Datuk" by Duli Yang Maha Mulia Sultan Selangor Darul Ehsan, Sultan Sharafuddin Idris Shah Al-Haj Ibnu Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj.

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



Mr. Martin Bek-Nielsen

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

Appointed to the Board on 29 August 2000, Mr. Martin Bek-Nielsen, born in 1975, is a Danish citizen with a Permanent Resident Status in Malaysia. He served in The Jutland Dragoon Regiment of Denmark during 1994

after which he started his career with the Company as a Cadet Planter in 1995. In 1996, he left Malaysia to pursue his tertiary education in Denmark and graduated with a B.Sc. degree in Agricultural Economics from the Royal Danish Agricultural University of Copenhagen in 1999 and returned to United Plantations to take up the position of Corporate Affairs Officer. In 2001, he was appointed to the position of Executive Director and on 20 February 2003 was promoted to his current position of Executive Director (Finance and Marketing).

Profile Of Directors

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

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



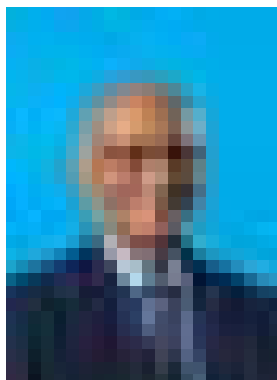
Mr. Loh Hang Pai
*Executive Director,
Non-Independent.*

Appointed to the Board as Executive Director (Estates) on 1 January 2013, Mr. Loh Hang Pai, born in 1948, a Malaysian, graduated from the Serdang Agricultural College. He served Kumpulan Guthrie as Junior Assistant in 1969 and subsequently joined

United Plantations Berhad on 1 January 1973 as an Assistant Manager. He served the Company in various positions and was promoted to the position of Estates Director on 1 January 2004.

He is not on the Board of any other public listed companies. He was actively involved in various activities of the planting associations, having held the position of Chairman, Perak Planters Association, President of United Planting Association of Malaysia and Chairman of Malaysian Cocoa Growers Council.

Currently, he is Chairman, MPOA Security Services Sdn. Bhd.. He is a Council Member and President of the Malayan Agricultural Producers Association (MAPA). He had been actively involved in the negotiations on several MAPA/NUPW and MAPA/AMESU wage agreements.



Mr. R. Nadarajan
*Independent,
Non-Executive Director,
Chairman of the Remuneration &
Nomination Committees
Member of the Audit & Risk
Committee.*

Appointed director of the Company on 1 June 2013, Mr. R. Nadarajan, born in 1948, a Malaysian, joined United Plantations in 1977 as

a Management Accountant, after having qualified and worked in the UK in various capacities in management accounting and finance.

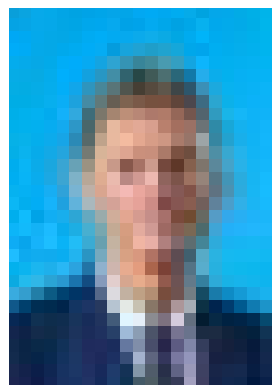
He was promoted to the position of Financial Controller in 1980 and to the position of Company Secretary/

Group Manager Finance in 2000.

He retired in 2012 as Group Financial Adviser, a position he held since 2008 on retirement as Company Secretary/Senior Group Manager Finance.

He is an associate member of the Chartered Institute of Management Accountants, United Kingdom (UK) and a member of the Malaysian Institute of Accountants.

He is also a director of a private limited company.



Mr. Jorgen Balle
*Non-Independent,
Non-Executive Director,
Member of the Audit & Risk Committee,
Member of the Remuneration &
Nomination Committees.*

Appointed director of the Company on 21 May 2018, Mr. Jorgen Balle, born in 1964, a Danish citizen, graduated in 2001 with a Masters in Business

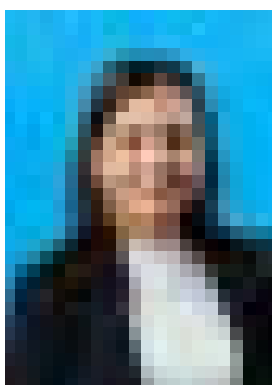
Administration from SIMI/CBS Copenhagen.

Started his career with Aarhus Karlshamn AB as a Director (2000 to 2003) and was subsequently appointed to Managing Director of Aarhus Karlshamn A/S (2003 to 2010).

He also held the position of VP Global CCF/LFC in the Business Unit of Aarhus Karlshamn AB for a duration of 5 years from 2005 to 2010.

From 2010 to 2019, he served as Executive Director of Frode Laursen Group of logistic companies.

He is also a member of the Board of Directors of other private limited companies in Denmark.



**Ms. Belvinder Kaur a/p
C Nasib Singh**
*Independent,
Non-Executive Director*

Appointed director of the Company on 6 November 2021, Ms. Belvinder, born in 1965, a Malaysian, graduated with a Bachelor's Degree (Hons) in Communication from University Kebangsaan

Malaysia, in 1989. She holds an MBA from the University of Strathclyde, Glasgow, United Kingdom and completed the Harvard Executive Programme in 2014.

Ms. Belvinder, started her career at the Malaysian Palm Oil Council (MPOC) in 1994 and moved up to the position as Deputy Chief Executive of MPOC in 2017. On 15 February 2022, she was promoted to the position as Chief Executive officer of MPOC. She is involved in the marketing and promotion of palm oil globally and since 2009 spearheaded the global public affairs campaigns to counter anti-palm oil sentiments.

Profile Of Directors



Mr. Yap Seng Chong
*Independent,
 Non-Executive Director,
 Chairman of the Audit & Risk Committee
 Member of the Remuneration &
 Nomination Committees.*

Appointed director of the Company on 26 April 2022, Mr. Yap Seng Chong, born in 1961, graduated with a Bachelor's Degree in Accounting from University Malaya in 1986.

His career with Ernst & Young Malaysia, spanned 35 years, two of which were in the London office of the said accounting firm, providing various types of assurance and business advisory services. He previously held positions as Head of Assurance practice, Professional Practice Director, ASEAN Regional and Country Independence Leader before his retirement in 2021.

He also serves as a Board member and Chairman of the Audit Committee of Malaysia Smelting Corporation Berhad, Malayan Cement Berhad and Apex Healthcare Berhad. He is also a Board member of Hartalega Holdings Berhad.

Note:

1. **Family Relationship with Director and/ or Major Shareholder**
 Save for Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen, none of the other Directors have any family relationship with any Director and/or major shareholder of the Company.
2. **Conflict of Interest**
 None of the Directors have any conflict of interest with the Company.
3. **Conviction for Offences**
 None of the Directors of the Company have any conviction for offences within the past 10 years.
4. **Attendance of Board Meeting**
 Details of the Directors' attendance at the Board Meetings are set out in the Corporate Governance Overview Statement on page 120 to 125.
5. **Gender**
 UP's Board consist of one female director and seven male directors.
6. **Profile of Senior Management**
 The Senior Management only comprises of the Executive Directors.



The Board of Directors of United Plantations Berhad together with the Company Secretary.

Senior Management

Executive Committee (EXCOM)

Dato' Carl Bek-Nielsen Vice Chairman, Chief Executive Director (CED) Director In-Charge, Unitata Berhad	
Martin Bek-Nielsen Executive Director (Finance & Marketing) Commercial Director, Unitata Berhad	Loh Hang Pai Executive Director (Estates)

Senior Executives

Finance & Corporate

Ng Eng Ho Company Secretary / Sr Group Manager (Finance)	Cheriachangel Mathews Group Advisor HRSS	S. Chandra Mohan Group Manager Finance	Dr. K. Sanar Kumaran Deputy Group Manager, HRSS	Dewi Anita Suyatman Sr Manager, Legal & Corp Affairs PT SSS
Erwin Khor Siew Yan Manager, Internal Audit	Choo Kah Leong Sr Financial Controller, PT SSS	Norhazizi bin Nayan Sr Manager, HR	Shirley Selvasingam Sr Manager, IT Systems	
Rasmus Frederiksen Manager, Corporate Affairs	Jeevan Dharmapalan Manager Human Resources, HRSS	Lee Kian Wei Manager Sustainability, HRSS	Muhd Khair bin Mohd Nasir Manager Human Resource, HRSS	

Plantations

Edward Rajkumar Daniels Estates Director, Upriver	Geoffrey Cooper Estates Director, Downriver	Dr. V Ramesh President Director, PT SSS	Nek Wahid bin Nek Harun Sr. Group Manager, Jendarata Estate	
R. Siva Subramaniam Group Manager, Charong Estate	Azhar bin Yazid Group Manager, Tanarata Estate	Jason Joseph Deputy Group Manager, UIE	S. Chanthravarnam Sr Manager, Lima Blas Estate	
Ridzuan Bin Md. Isa Sr Manager, Ulu Bernam Estate	R. Apputhasamy General Manager, PT SSS	Patrick Kanan Sr Manager, Ulu Basir Estate	S. Kumaresan Sr Manager, PT SSS	
L. Makesyarang Manager, Changkat Mentri Estate	Khor Boon Wah Manager, Sungei Bernam Estate	Tan Sang Chun Manager, Kuala Bernam Estate	Mohd Faizol bin Md Haniba Manager, Seri Pelangi Estate	

Research

Ho Shui Hing Director of Research	Dr. J. Vijiandran Research Controller	Dr. Kandha Sritharan Research Manager (Breeding)		
Lim Chin Ching Research Manager (Biotechnology)	Wong Foo Hin Research Manager (Tissue Culture)	Appala Naidu Marie Research Manager, PT SSS		

Engineering

P. Seker Director of Engineering, Upstream	Ir V. Renganathan Group Engineer, Downstream	G. Padmanathan General Manager Engineering, PT SSS	N. Saravanaganes Resident Engineer, UIE	
M.Arishanggaran Resident Engineer, Ulu Bernam Optimill				

Palm Oil Refining and Others

Jughdev Singh Dhillon Group Production Manager, Unitata Berhad	Dr. Andrew Nair Group Research & Quality Controller, Unitata Berhad	Allan Loh Teik Boon Sr Manager, Commerce Unitata Berhad		Goh Kheng Wee Sr Resident Engineer, Unitata Berhad
Senthamarai Selvi Kasi Sr Manager (Shipping & Logistics) Unitata Berhad	Kathy On Sr Sales Manager Unitata Berhad	Dev Ganesh Manager, OPP Unitata Berhad	Suganthi Krishnan Manager, Quality Assurance Unitata Berhad	R. Nathan Resident Engineer Unitata Berhad
Soo Chin Hong Financial Controller, UniFuji Sdn. Bhd.	Muhammad Silmi Manager, Biodiversity, PT SSS	Kapil Punj Refinery Manager, UniFuji Sdn. Bhd.	Jayarama Reddy Manager, Bernam Bakery	

Chairman's Statement

On behalf of the Board of Directors of United Plantations Berhad, it gives me much pleasure to present to you the Annual Report of our Group for the financial year ended 31 December 2023.

Looking back at the past year, the global economy was impacted by the fastest increases in interest rates since the 1980s to curtail inflation. Whilst Central Banks worldwide have managed to contain and reduce inflation, the tightening monetary policies have impacted global growth and the supply and demand complex. This combined with the escalation of geopolitical conflicts not least in Ukraine but also in the Middle East have brought significant uncertainty into the global economy.

Group Performance

Amidst this uncertainty, the UP Group has remained resilient and achieved a new record after-tax profit of RM711 million for the financial year 2023. This represents an increase of RM105 million equal to a 17% improvement when compared with the result of RM606 million in 2022.

This was mainly a function of the higher commodity prices achieved by UP but also due to the very gratifying steps taken by our respective estates in terms of optimizing yields facilitated by exclusively using our in-house high yielding planting materials and by enforcing UP's proven management practices. The commendable performance of the downstream segment has also boosted the bottom-line of the Group for the year.

Indeed during 2023, we achieved an oil yield of 6.11 MT CPO/Ha bringing our total palm oil production for the group to 265,973 MT equal to a 4.6% increase year on

year, which was a most pleasing development. For this, I would like to place on record my sincere appreciation to management for their tremendous efforts enabling our Group to achieve a most satisfying result. In this connection, it was also most pleasing that in 2023 we received The Edge Billion Ringgit Club "Highest return on equity over three years in the plantation sector award" for the under RM 10 billion market capitalisation category.

Palm Oil Prices

During the first half of 2023 Crude Palm Oil prices traded between a high of RM4,425/MT and a low of RM3,194/MT. In the second half of the year there was less volatility in the market with prices ending the year at around RM3,750/MT in the third-month position. Whilst this represents a significant reduction compared with the historical high of RM7,268 experienced in 2022 due to supply constraints which were exacerbated by the shortfall in sunflower oil exports caused by the Russia-Ukraine war, the prices for the year have been good and still above the last 5 year averages.

Capital Management

As of 31 December 2023, the Group's cash and cash equivalents stood at RM634 million compared to RM779 million in 2022. The reduction was mainly a result of the extraordinary dividend of 40 sen per share paid in December 2023. Nevertheless, the Group continues to maintain a conservative capital structure to have



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

the flexibility to utilise internally generated funds for capital investments within the Group, sustain a stable dividend to shareholders and to have the capability to pursue new investments.

Dividends

The Board is recommending a final dividend of 110sen per share in addition to the total interim dividend of 80sen per share (interim dividend of 40sen per share & extraordinary dividend of 40sen per share) paid in December 2023 , as follows:

1. A final single tier dividend of 70sen per share
2. A special single tier dividend of 40sen per share

The recommended payment of the final dividend of 110sen per share will be put forward to our shareholders at the forthcoming AGM and subject to approval, the total dividend in respect of 2023 will be 190sen per share, which is an increase of 36% compared with the total dividend of 140sen per share for 2022.

This record high dividend is based on the exceptional results and very strong cash position that has been accumulated over the past years and should not be taken for granted, especially when market conditions change due to amongst others commodity price volatility.

Our Chief Executive Director, YBhg. Dato’ Carl Bek-Nielsen will in detail explain UP’s financial performance in the Management Discussion and Analysis section on pages 18 to 31.

Sustainability

The Board upholds its commitment to undertake responsible agricultural practices, focusing on sustainability and good corporate governance. In this connection it was pleasing to note that the Zoological Society of London (ZSL) published the ranks and scores for Sustainable Palm Oil Transparency Toolkit (SPOTT) assessment 2023 for over 100 palm oil producers, processors and ranked United Plantations No. 3 globally and No. 1 amongst palm oil producers in Malaysia with a final score of 95.2%.

2023 was a busy year in terms of new sustainability legislation, especially with the new EU Deforestation Regulation (EUDR) being formally adopted on 29 June 2023. This represents a move from voluntary initiatives towards mandatory legislation, which will require companies to adopt higher standards and greater transparency in relation to products placed on the European market or exported from Europe.

The main goal of this is to limit global deforestation and forest degradation provoked by EU consumption, production and export, something which most companies will now have until 30 December 2024 to comply with.

As a supplier of palm products into EU, UP is following these developments closely and whilst there are still many unanswered questions in relation to the implementation



of this new legislation, we are taking necessary and proactive steps to prepare for its implementation.

Meanwhile we are continuing our strategy of operationalising and galvanizing sustainability into our DNA by always striving to set the highest standards within the conditions of the day.

In this context, it has therefore pleased me much to see the continued dedication, investments and initiatives undertaken to reduce our Group’s GHG footprints. This journey was started in earnest during 2005 and has again this year resulted in further reductions.

In addition, the UP Group remains committed to the Round Table on Sustainable Palm Oil (RSPO), and our Policies on No Deforestation, No New Planting on Peat as well as No Exploitation are cast in stone as vital prerequisites towards creating shared value.

Furthermore, it has been pleasing to see the continuous focus on minimising risks related to Human Rights. To further mitigate these risks, we have during 2023 continued our collaboration with social NGOs and other subject-matter experts to strengthen our practices related to particularly the recruitment of Guest Workers.

In this connection, concerted efforts have been taken to identify and understand if any exploitation is taking place during the recruitment journey from the villages in the source countries until their arrival at UP, to ensure that no worker pays any costs to obtain a job with UP.

This is indeed a journey with no finishing line, and it therefore remains a top priority for our Group to continuously identify and minimize risks when gaps are identified.

It is nevertheless much appreciated that our efforts have been recognized by The Edge Billion Ringgit Club who granted us the “Best CR Initiatives Award” under the RM10 billion market capitalisation category for the efforts undertaken on addressing and improving human rights and safety gaps within our supply chain.

More information on our many Sustainability initiatives and commitments to mitigating ESG risks is covered under our Sustainability Report on pages 34 to 118.

Outlook

Ahead of us awaits a year forecasted to bring about a somewhat gloomier global economic outlook. Although interest rates are expected to have reached their peak for now, the higher rates prevalent are expected to adversely affect highly geared business operations and consumers who have higher borrowings.

Against this backdrop, there is a need to adapt to the changing environment by having an open mind, remaining agile and by having the courage to innovate and stimulate progress whilst ultimately preserving our core values.

The projected slow-down of the global economy will likely also impact the supply and demand equation for vegetable oils, hereunder palm oil.

This may result in lower prices, which we must prepare for by continuing to focus on raising productivities and cost efficiencies.

I am therefore pleased to report that the labour shortages, which have had a crippling effect on our operations since 2020, have now been fully overcome with due attention given towards upskilling the newly recruited employees.

For this, I wish to reiterate my appreciation to Management for the immense efforts taken in all corners of our estates to meet these challenges head on.

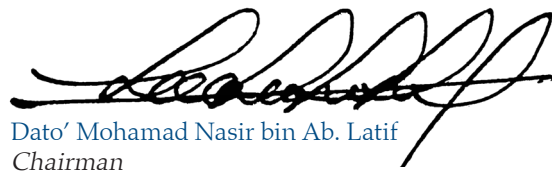
Appreciation

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

On behalf of the Board, I would also like to place on record my sincere appreciation to Dato' Jeremy Derek Campbell Diamond and Mr Ho Dua Tiam, who retired as Board Members on 27 April 2023 after having successfully served on the Board of the Company for 22 and 28 years respectively with dedication, loyalty, and many positive contributions. In addition, I also wish to express my gratitude to Tunku Alizakri bin Raja Muhammad Alias, who has decided to step down, for his valuable contribution and support during his tenure as a Board member.

In closing and on behalf of the Board of Directors, I would like to pay tribute to all United Plantations' employees notably Management headed by the Executive Committee for their loyal and dedicated service, which is so essential for the future growth and well-being of our Group.

I would also like to thank all our customers, business partners, government agencies and shareholders for their continued support and trust in our Group.



Dato' Mohamad Nasir bin Ab. Latif
Chairman



A sunset picture of Sungei Bernam river flowing towards the strait of Malacca.



Fresh fruit bunches being evacuated from the field by direct loading to enhance productivity.

Management Discussion and Analysis

Summary of Global Operating Environment

As 2023 came to a close, the global economy in many ways, had been more resilient than most analysts expected in the beginning of the year. Unemployment has been low, inflation has been falling in most of the world, and the U.S. not only avoided a recession but grew more than expected and supported a fragile global economy, not least Europe which experienced a sharp slowdown following the regional energy shock in 2022.

The monetary tightening bringing interest rates to above 5% has therefore had a positive short-term effect on inflation, which had reached its highest level in 40 years, without causing a hard landing for the global economy.

Nevertheless, the economic outlook remains deeply uncertain. Higher interest rates are working their way through the system impacting business expansion and



consumer spending, geopolitical tensions are on the rise, and China is challenged by a deflating real estate bubble and consumers saving more in the face of greater uncertainty.

Looking ahead, the global growth in 2024 is expected to slow down for the third year in a row from 2.6% in 2023 to 2.4% in 2024 according to the World Bank's latest Global Economic Outlook. In addition, global trade growth in 2024 is expected to be only half of the average in the decade before the pandemic. Meanwhile, borrowing costs for particularly developing economies are likely to remain high with global interest rates stuck at the highest levels in four decades.

Commodity Prices

Whilst commodity prices came down significantly from the historical highs experienced in 2022, the stronger than expected global economy during the year cushioned the fall. In this economic environment, Crude Palm Oil prices have been trading between a high of RM4,425/MT and a low of RM3,194/MT during 2023, before ending the year close to RM3,750/MT for the third-month position.

During the first part of the year, prices were supported by a lower than expected production in Malaysia and Indonesia as well as the downward revisions by the USDA of soyabean plantings and stocks. In addition, concerns arising from an El Nino manifesting itself in the palm oil growing region of Southeast Asia triggered a rally bringing prices to above RM4,400/MT.

However, the higher prices did not hold, and during the second quarter CPO prices declined to below RM3,200/MT due to the anticipation of higher production in



An aerial view of newly replanted oil palm fields utilising the latest high yielding material from UPRD.

Malaysia and Indonesia combined with the expectations of lower global demand amongst others.

Nevertheless, prices recovered during the last part of the year and traded in a range between RM3,600 - RM4,000/MT as concerns about re-building stocks combined with a better global demand arose amidst predictions of a potential El-Nino taking shape.

As the below graph indicates, it is worth noting that whilst the average market price for the year fell below the last 3-year average of RM 4,284/MT, prices were and are still trading at a satisfactory level above the last 5-year average of RM 3,557/MT and significantly above the 10-year average of about RM3,000/MT.

Crude Palm Oil Production in Malaysia and UP

Crude Palm Oil production in Malaysia increased by 0.5% year-on-year from 18.45 million MT in 2022 to 18.55 million MT in 2023. At the same time, the national average yield/Ha increased from 3.05 in 2022 to 3.14 MT CPO per hectare in 2023, not least as a result of the overall improved labour conditions.

On UP’s estates in Malaysia, our CPO production increased by 4.8% from 209,020 MT in 2022 to 219,026 MT in 2023. The increase was once again driven by the concerted efforts to enhance our operational efficiencies throughout the plantation value chain thereby minimising crop losses, and the larger replanted areas entering maturity on Tanarata Estate, as well as the improved labour situation.

Production on UP’s Indonesian estates also increased by 3.5% from 45,369 MT CPO in 2022 to 46,947 MT CPO in 2023 as a function of increased focus on operational improvements and field productivities. Overall, the Group’s CPO production rose from 254,389 MT in 2022 to 265,973 MT in 2023 equal to a 4.6% increase year-on-

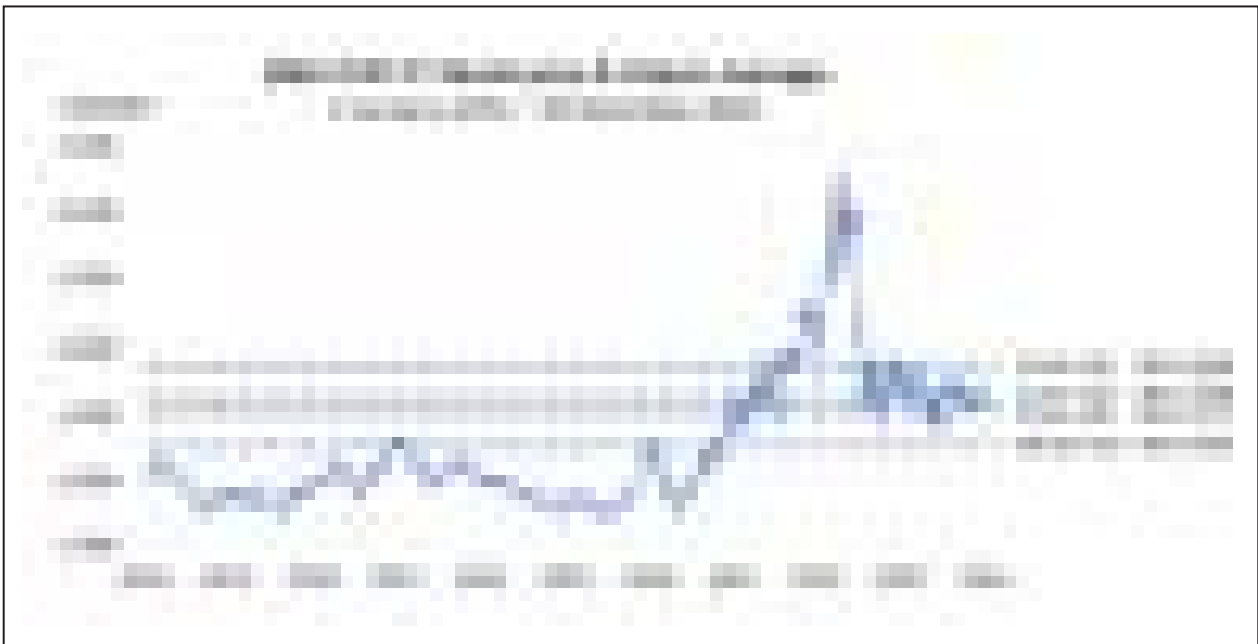
year. This improvement resulted in our Group’s average CPO yield per hectare increasing by 3.7% from 5.89 MT in 2022 to 6.11 MT in 2023. This is indeed a very pleasing achievement.

2023 Financial Result:

Whilst labour shortages were extremely acute during the Covid19 pandemic I am pleased to report that the situation within our Group can now be categorized as stable. Additionally, the numerous innovations implemented during and after the Covid19 pandemic have now enabled the UP Group in Malaysia to run its operations with a workforce that is 10% lower vis-à-vis the pre-Covid19 era in spite of our land bank increasing by 9%. We shall persevere and keep pushing the boundaries of mechanization as long as these are pragmatic and cost effective.

Indeed, during my many visits to the respective Estates I have witnessed a herculean effort undertaken by our respective managers, their staff and employees who have willingly come forward to take ownership in making possible what just a few years ago was considered impossible.

These devoted and commendable efforts combined with solid commodity prices and performances in our subsidiaries have enabled the UP Group to achieve a record high profit after tax of RM711 million, an increase of 17% from the result of RM606 million in 2022. This result is most gratifying and more so when considering the fact that this has been achieved in an environment where the costs of energy, fertilisers, chemicals and building materials have all increased significantly. Nevertheless, the record result was also supported by the abolishment of the one-off 9% higher prosperity tax of RM45 million and the one-off voluntary payment of RM24.7 million related to the reimbursement of our Guest Workers’ past recruitment fees, incurred in 2022.



In addition to the above, solid demand for high quality products from our refinery division contributed well to the overall results, not least supported by a weakening MYR vis-à-vis USD as most of our products are sold in USD whilst costs are captured in MYR. Furthermore, positive hedging positions also contributed well to the Group’s profit before tax which increased by 10% from RM846 million in 2022 to RM933 million for the year 2023.

The Group’s revenue, however, decreased by 20% during 2023 to RM2,014 million compared to RM2,515 million in 2022 despite higher CPO and PK production, as well as higher selling prices achieved from the plantation segment. The decrease was therefore mainly a result of lower market prices impacting sales revenue from our downstream refinery division.

Dividends

The Board of Directors has recommended a final single tier dividend of 70sen per share and a special single tier dividend of 40sen per share for the year ended 31 December 2023 subject to our shareholders approval at the upcoming 103rd Annual General Meeting on 24 April 2024.

Dividends for the year ended 31 December 2023/2022

	2023	2022
Interim single tier dividend declared and paid	40sen	40sen
Single tier extraordinary dividend	40sen	-
Proposed final single tier dividend	70sen	70sen
Proposed special single tier dividend	40sen	30sen
Total dividends	190sen	140sen

After taking into consideration the interim dividend of 40sen per share as well as the extraordinary dividend of 40sen per share paid in December 2023, the total dividend in respect of FY2023 will be 190sen per share vs 140sen per share for 2022.

This represents a total dividend of RM788 million for 2023, which is an increase of 36% when compared with 2022 and equal to a total pay-out ratio of 111% of the profit for the year.

Such above normal dividend pay-out is mainly a function of the extraordinary dividend reflecting our strong cash position and the most satisfactory result achieved in 2023, however, must not be taken for granted, especially when market conditions change due to amongst others commodity price volatility.

Capital Structure

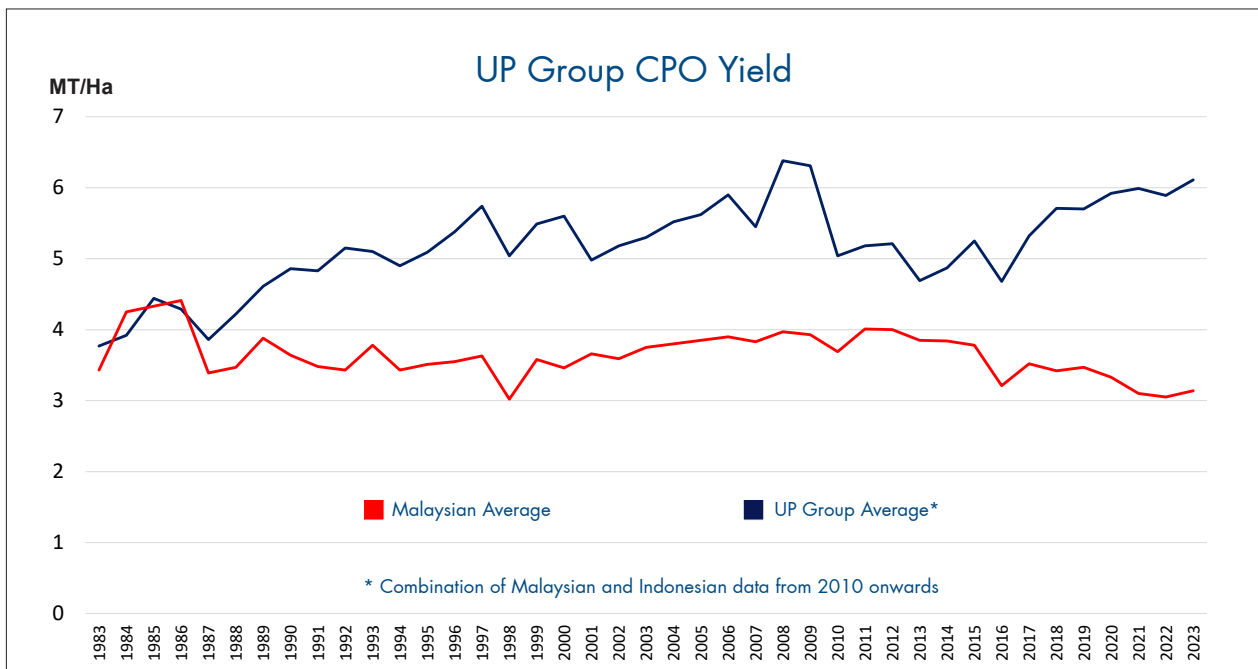
As of December 31, 2023, the Group’s cash and cash equivalents totalled RM634 million, a decrease from RM779 million in 2022.

This decline primarily stemmed from the payment of an extraordinary dividend of 40sen per share in December 2023. Despite this, the Group remains committed to a conservative capital structure.

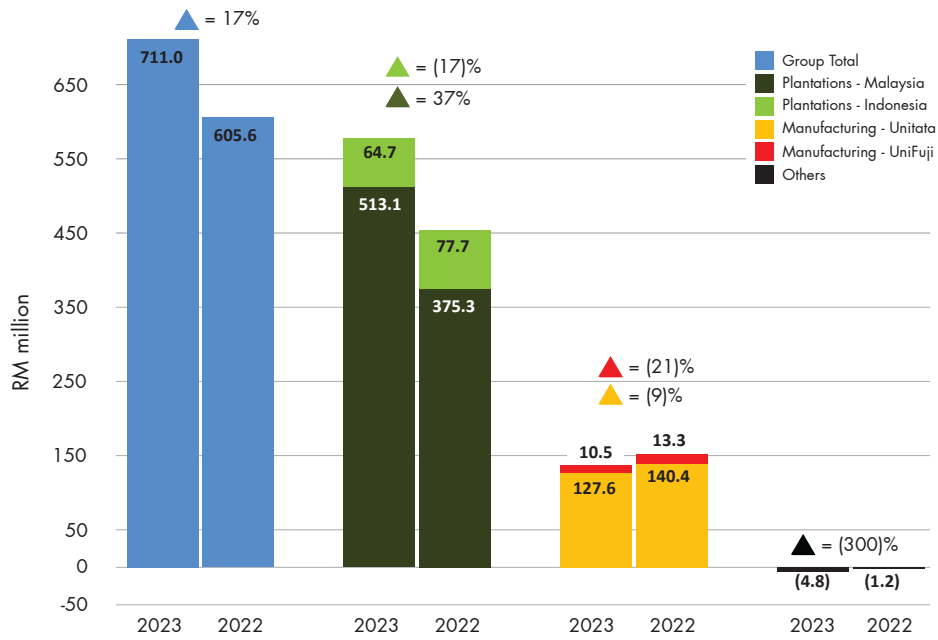
Such prudent approach towards capital management has served our Group well and will ensure that we can utilise internal funds for replanting and other capital expenditures required within our group, sustain a stable dividend to shareholders and pursue new investments when the right opportunities arise, without having to be dependent on banks.

Capital Expenditure

The Group’s 2023 capital expenditure for property, plant and equipment (including bearer plants) and right-of-use assets was RM108.9 million compared to RM153.2 million in 2022.



Group Total and Segmental Contribution 2023 & 2022



During the year RM34.4 million was spent on replanting 1,772 Ha of oil palms and coconuts on our Malaysian estates compared to 711 Ha in 2022. All capital expenditures were funded by internally generated funds.

Replanting Policy and Yield Targets

The UP Group’s long-term replanting policy remains a high priority, both in times of low as well as high commodity prices. Failure to implement this critical aspect of plantation management will inevitably lead to stagnating yields and declining production, thereby losing the competitive edge. All planting materials used for our replanting programme are produced at UPRD using proven germplasm of highest quality based on more than 70 years of proven plant breeding techniques with the ultimate goal of securing high yields.

In this connection, gratifying progress has been made at UPRD, notably in the Seed Production Unit, during the year of 2023, and concerted efforts are continuously made to enhance the Company’s Breeding-Agronomy and Tissue Culture activities. These developments remain of cardinal importance in terms of our Group’s ability to further our agronomic productivities, thereby contributing to an overall more sustainable production with a shared goal of producing more with less.

The below table provides an overview of our targeted FFB and CPO yields per HA as well as OER, in Malaysia and Indonesia.

UP Group	FFB yields/Ha	OER	CPO yields/Ha
Malaysia	28.0MT	23.0%	6.5MT
Indonesia	25.5MT	25.5%	6.5MT

The difference in terms of FFB/Ha/year and the OER between the countries is caused by the variance in planting materials, soils, climate and labour availability.

A total of 1,722 Ha was replanted with oil palms on our Malaysian properties during 2023 compared to 523 Ha in 2022. With this, a total of 17,042 Ha of oil palms have been replanted on our Malaysian estates over the course of the last 10 years (2014-2023), equal to 45% of the total area under oil palms today. This is absolutely necessary if we are to further improve the age profile of our established plantations and with that our average yields, which is of special importance in maintaining a favourable cost structure.

UP’s Plantation Operations

The 4.6% increase in our Group’s overall CPO production to 265,973MT, was as mentioned earlier mainly due to the dedicated drive to operationalise relevant areas of mechanisation thereby optimising efficiencies and minimising crop as well as a significantly improved labour situation. This also manifested itself in a pleasing improvement in the overall PK production of 6.4%.

The average yields for the UP Group during 2023 increased very pleasingly from 5.89MT CPO/Ha in 2022 to 6.11MT CPO/Ha in 2023, equal to a 3.7% improvement. In this connection, our Malaysian estates reached a yield of 6.30MT CPO/Ha from 6.09MT CPO/Ha in 2022, representing an increase of 3.4%, whereas the average yield on our Indonesian estates increased from 5.10MT CPO/Ha in 2022 to 5.34MT CPO/Ha in 2023, equal to an improvement of 4.7%.

These yields are not only very gratifying but also a testimony to the tireless efforts, dedication and stellar performance undertaken by our field officers, staff and general employees alike, closely supported by our Engineering Departments and UPRD.

As of 31 December 2023, our Group's oil production, yields and age profile can be summarized as follows:

CPO Production in MT	2023	2022	Change
UP Malaysia	219,026	209,020	4.79%
UP Indonesia	46,947	45,369	3.48%
Total UP Group	265,973	254,389	4.55%

PK Production in MT	2023	2022	Change
UP Malaysia	44,967	41,985	7.10%
UP Indonesia	10,265	9,943	3.24%
Total UP Group	55,232	51,928	6.36%

Yields & Extraction Rates	2023	2022*	Change
UP Group FFB average yield in MT/ Hectare including Indonesia	27.99	27.57	1.52%
UP Group average Oil Extraction Rates (OER) in %	21.82	21.35	2.20%
UP Group average Kernel Extraction Rates (KER) in %	4.53	4.36	3.90%
UP Malaysian Average Yield in MT CPO/Hectare	6.30	6.09	3.45%
UP Indonesian Average Yield in MT CPO/Hectare	5.34	5.10	4.71%
UP Group Average Yields in MT CPO/Hectare	6.11	5.89	3.74%
Malaysian National yield in MT CPO/ Hectare	3.14	3.05	2.95%

* Excludes crop from Tanarata estate which was processed externally while awaiting for RSPO certification.

Total Oil Palm Area In Hectares	2023	2022	Change
UP Malaysia			
Mature Area	34,689	34,828	(0.4)%
Total Group Area having come into Maturity	1,583	1,576	0.4%
(oil palms between 2 1/2 - 5 years in age)	10.68%	12.15%	(12.1)%
Immature Area	2,818	2,679	5.2%
Replanted Area	1,722	523	229.3%
Total Area under Oil Palm	37,507	37,507	0.0%
UP Indonesia			
Mature Area	8,720	8,800	(0.9)%
Immature Area	-	-	-
Total Area under Oil Palm	8,720	8,800*	(0.9)%
Grand Total for the Group	46,227	46,307	(0.2)%

* net of areas converted to Plasma and conservation.

Cost of Production of Crude Palm Oil

The total cost of production in Malaysia including depreciation and additional remuneration/bonuses for 2023 was RM1,646/MT CPO vs. RM1,657/MT in 2022. This represents a decrease year-on-year, inspite of the impact of rising costs of energy and general inflation as well as higher recruitment and labour costs. However, the cost of production would have been significantly higher if not for our greatly improved yields, which is a fundamental aspect in maintaining a favourable cost structure.

Additionally, management continues to accentuate numerous initiatives to increase productivity through new innovations as well as mechanising all possible field tasks. This has yielded very pleasing improvements during the year 2023. However, as mentioned earlier, we will continue to push the boundaries of mechanization but only as long as these are pragmatic and cost effective.

Selling Prices of CPO and Palm Kernels

The average Malaysian selling prices of Crude Palm Oil achieved during the year increased by 9% from RM3,792/MT in 2022 to RM4,130/MT in 2023 as a function of the impressive rally experienced during 2022 and forward sales executed at that time for a portion of the Group's production volume in 2023. As market prices subsequently softened, UP's average sales price achieved in 2023 was above the MPOB average price.

Our forward sales policy will usually result in UP achieving a lower average sales price vis-à-vis the MPOB average in a rising market, but a higher average sales price in a falling market as seen in 2023.

This forward sales policy is in place to secure certain margins and to reduce our exposure to large price fluctuations, and is not in anticipation of being able to consistently predict future market prices, which is indeed impossible.

The average selling price for our Palm Kernels in Malaysia decreased by 25% to RM2,050/MT in 2023 compared with RM2,751/MT in 2022, mainly due to a lower Palm Kernel Oil demand globally. Unlike the case of CPO, we generally do not enter into forward sales for PKO as the liquidity is significantly lower on that futures market.

RM	Crude Palm Oil			Palm Kernel		
	2023	2022	Change	2023	2022	Change
MPOB Avg price	3,810	5,088	(25%)	2,016	3,118	(35%)
UP's Avg price	4,130	3,792	9%	2,050	2,751	(25%)



High yielding yellow dwarf coconut palms used in our seed garden.

Coconut Production

Our coconut production reached 83.6 million nuts in 2023 down 2.9% from the production of 86.1 million nuts in 2022. This was mainly a function of the lower demand for fresh coconuts experienced during the last few months of the year when the rainfall was high.

Furthermore, growing competition from Indonesian nuts flooding the market suppressed the demand for Malaysian coconuts, which remains a very concerning development for all coconut planters in Malaysia.

Finally, due to large areas of immature plantings entering maturity which have an inherent lower yield profile, our average yields declined from 22,172 nuts/Ha in 2022 to 21,101 nuts/Ha in 2023.

Labour Shortages

The labour situation has significantly improved in the Malaysian plantation sector over the course of 2023, marking a stark contrast to the challenges faced during the COVID-19 pandemic.

The labour shortages that once crippled operations across Sabah, Sarawak, and Peninsular Malaysia have been effectively addressed, ensuring a sufficient workforce to meet the industry's demands. Gone are the days of prolonged harvesting rounds of 40-60 days and the widespread presence of unpruned "Bob-Marley" looking palms that once dominated the landscape, leading to substantial field losses throughout the country.

The acute labour shortfall, which at its peak was estimated to have surpassed 100,000 employees and particularly impacted the smallholder's segment has now mostly been mitigated. In UP, the enormous challenges faced on our Malaysian Estates have also been mitigated thanks to the opening of the Malaysian borders and the tireless efforts by our HRSS Department in bringing in 781 new Guest Workers through our Ethical Recruitment Procedures during the year.

As I write this message, I can confidently state that we for the first time in years are ahead of our respective work programmes. This bodes well for the years to come, however one must not forget nor underestimate the importance of directing sufficient resources towards upskilling our new Guest Workers through the never ending "Reach & Teach and Reach & Remind" programmes.

Similarly to previous years, we have again in 2023 been advertising for vacancies for local workers on all our estates, however with little or no success in spite of potential field employees being able to earn a monthly salary which is considerably higher than the minimum wage in Malaysia.

In addition to this, employees will be given free housing, free water, free electricity and free medical coverage. Yet local Malaysians by and large remain uninterested in joining the plantation sector prioritising work that is centered around the larger towns and industries requiring less outdoor work.



Mechanical assisted crop evacuation with tractor scissor lift trailers which enable considerably higher productivity vis-à-vis wheel barrow.

Indonesia

In Indonesia, our plantation subsidiary, PTSSS, today spans across over 8,720 Ha of our own oil palm plantings, 1,398 Ha of plasma land for smallholders, and more than 7,900 Ha of permanent conservation areas, and provides employment for around 1,400 employees.

Whilst the production improved by 3.5% to 46,947 MT CPO in 2023 as a function of increased focus on operational improvements and field productivities, PTSSS generated a Group contribution of RM64.7 million in 2023 against RM77.7 million in 2022, representing a decrease of 17%. This was primarily caused by softer market prices for CPO and Palm Kernels.

From an operational point of perspective, PTSSS has nevertheless reached a commendable level of stability following the change in top management effectuated in August 2022. Since then, we have embarked on many new initiatives with the overarching goal of mirroring the agricultural standards and productivities in UP Malaysia, which is being diligently pursued by the President Director, Dr. Ramesh Veloo.

I am confident that the concerted efforts underway will lead to further improvements in the years ahead, thereby enabling us to match the performances of our sister estates in UP Malaysia.

In this context it is with much satisfaction that after 18 years of operations since entering Indonesia the

efforts and commitment towards the difficult expansion process into Central Kalimantan is paying off not only financially but just as importantly from a socioeconomic and environmental point of view.

Indeed, the estates, the high-quality modern living quarters for our executives, staff and workers, their social facilities, upkeep standards, roads and drainage today resemble a world-class example of plantation development in Indonesia.

This would not have been possible without the commendable dedication and commitment of our Directors, Management and Employees, as well as our shareholdings partners Dr. Soedjai Kastasmita and Bapak Suryadi to whom we also wish to extend our sincere appreciation for their support over the years.

The partnership with Copenhagen Zoo is also progressing well, and continued focus is being channelled towards improving our sustainable practices in line with the RSPO Principles & Criteria and beyond. Today, conservation areas make up about 40% of the concession area in our Indonesian operations consisting primarily of riparian reserves, peat swamps as well as heavily degraded secondary forests as a result of the intense logging activities carried out in the past prior to UP acquiring the properties.

These sanctuaries are a testimony to our Group's commitment towards maintaining an important balance between economy and ecology and where conservation



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

means development as much as it does protection of the environment. These assets are now overseen and managed by our Biodiversity Department in close cooperation with the advice given through our close collaboration with the Copenhagen Zoo.

Lastly, we continue working closely with the numerous Indonesian Government Departments across several Ministries to obtain the land titles (HGU) for the remaining land bank under PTSSS. In this connection, solid progress has been made during 2023 and we remain confident that we will get these within the foreseeable future.

Manufacturing Division

In our Group's manufacturing division, we are involved in various downstream processes, including the refining of edible oils and the production and packaging of specialty fats, ultimately targeting the world's highest sustainability, safety and quality standards in a fully traceable manner right from our upstream plantations.

To achieve this target, our two state-of-the-art palm oil refineries, Unitata and UniFuji, are adding value to our certified sustainable crude palm oil and palm kernel oil by transforming them into high-quality processed products, serving key customers worldwide.

Consumers today place an increased focus on safety and health, and demand transparent and traceable supply chains with reduced water, energy and carbon footprints.

With UP being one of the most efficiently managed, eco-friendly and integrated plantation companies in the world, our refineries can ensure the highest quality and traceability by controlling all areas of the production. Right from the agricultural source to the final products delivered.

Unitata

In our downstream refinery division, our wholly owned subsidiary Unitata performed very satisfactorily in recording our second largest contribution to the Group amounting to RM127.6 million in 2023. Although this represents a drop of 9% vis-à-vis the record result of RM140.4 million in 2022, it was indeed a commendable achievement in view of the tougher market conditions and increasing competition from the Indonesian Refinery Sector.

The pleasing result was mainly attributable to the sales of high quality, certified sustainable and traceable products, a much weaker Malaysian Ringgit vs. USD, favourable hedging results as well as efficiency improvements that continue to be an ongoing priority for Management.

The interest for certified sustainable palm oil remains strong and at Unitata we are committed to providing tailor-made solutions to customers who demand palm fractions which go well beyond the sustainability criteria of the RSPO and standard quality parameters. In this context, customers who work with our Group can be assured of a consistent supply of high-end, fully traceable



The CED and EDFM, together with President Director, Dr. V. Ramesh, General Manager, Mr. R. Apputhasamy with key officers of Lada Estate Division 2 during a field visit at PT SSS.



A view of the expanding Unitata Complex with employee housing in the foreground.

palm oil fractions encompassing the lowest possible levels of food contaminants such as 3-MCPD, GE and MOSH/MOAH in the edible oil industry today.

To accomplish this goal, and to prepare our Group for future opportunities, we continue to invest in technology and capable people that can successfully propel Unitata forward. In 2024, focus will also be channelled towards expanding our sales and marketing capabilities as we explore further opportunities to market our speciality fats directly through B2B arrangements with customers globally.

UniFuji

For our UniFuji Refinery, which is a 50:50 JV between UP and Fuji Oil, positive progress continues to be made since its commissioning in 2018.

The UniFuji complex, which today remains a perfect example of what the circular economy can look like by running without the use of fossil fuels, generated a satisfactory profit after tax of RM21.0 million in 2023 down from RM 26.6 million in 2022. Whilst this is a reduction of 21%, the lower result is mainly due to an unrealized foreign exchange loss related to our USD loan and Forex contracts entered into as a hedge against future sales. These unrealized losses are expected to be reversed upon delivery of the physical goods.

The lower result does therefore not reflect the underlying business, which continues to develop positively with customer commitments remaining strong thanks to the dedication from all members of the UniFuji team who have contributed tirelessly to making the JV a success.

Sustainability and Human Rights

In UP, we have been focusing on economic development combined with social and environmental care since our foundation in 1906. Identifying and managing social risks and opportunities are fundamental to our continued success and to our core principle of being a good corporate citizen through proper governance, doing business responsibly and committing ourselves to a long-term perspective.

Today, more than ever, our sustainability commitment is focused on continuous care, attention and responsibility towards our employees, the environment, the community, and the marketplace in which we operate. We foresee this trend intensifying in years to come compelling everyone to understand that the sustainability journey is a shared responsibility yet demanding individual changes if we are to reach the goal. We must therefore all appreciate that transparency is the new normal and that everything is now discoverable.

To that end, additional efforts must be taken not just individually but collectively by all stakeholders in the global palm oil industry to further raise the bar within the sphere of sustainability by not only committing itself to a NDPE (No Deforestation, No New Peat Planting, No Exploitation) Policy but operationalizing this in earnest so we can be a part of the change by being a front-runner in the agricultural sector for setting science-based environmental targets.

In this context, the formal adoption of the EU Deforestation Regulation (EUDR) on June 29, 2023 marks a shift from voluntary measures to compulsory legal



The UniFuji refinery, which runs without the use of fossil fuels, is a fine example of the “circular economy”.

requirements, which will compel companies to elevate their standards and enhance transparency concerning products entering or leaving the EU market. Companies have now been given a deadline until December 30, 2024 to comply, and although several aspects of the regulation’s practical application remain unclear, we are actively taking the necessary steps to ensure readiness for its enactment. Ultimately, this new regulation, which involves commodities including palm oil, cocoa, coffee, soya, timber and rubber, aims to prevent companies from placing commodities/products linked to deforestation and forest degradation onto the EU market.

We welcome initiatives that aim to tackle the global challenge of deforestation and improved social standards. However, such initiatives must be based on a balanced approach to ensure small-scale farmers are not excluded from global supply chains and that developing countries in general also have the right to move up the ladder of development in order to meet their basic needs and to have the opportunity to lead richer, more fulfilling lives. In addition, any such initiatives must ensure that all agriculture related commodities are subject to the same rules thereby operating on a level playing field without any form of discrimination.

Further proactive steps have also been taken within the sphere of human rights, not least through our partnership with “Dignity in Work for All”, a social rights NGO formerly known as Verité Southeast Asia, together with our customers Mars and Fuji Oil to identify and address any weaknesses within our operations.

Beyond the reimbursement of RM24.5 million to our Guest Workers for the recruitment fees they had paid to

third parties in the past, we decided during 2023 to also provide a goodwill payment of RM3,000 to each of our locally recruited Guest Workers towards the hardship faced in relation to their previous recruitment journey and employer.

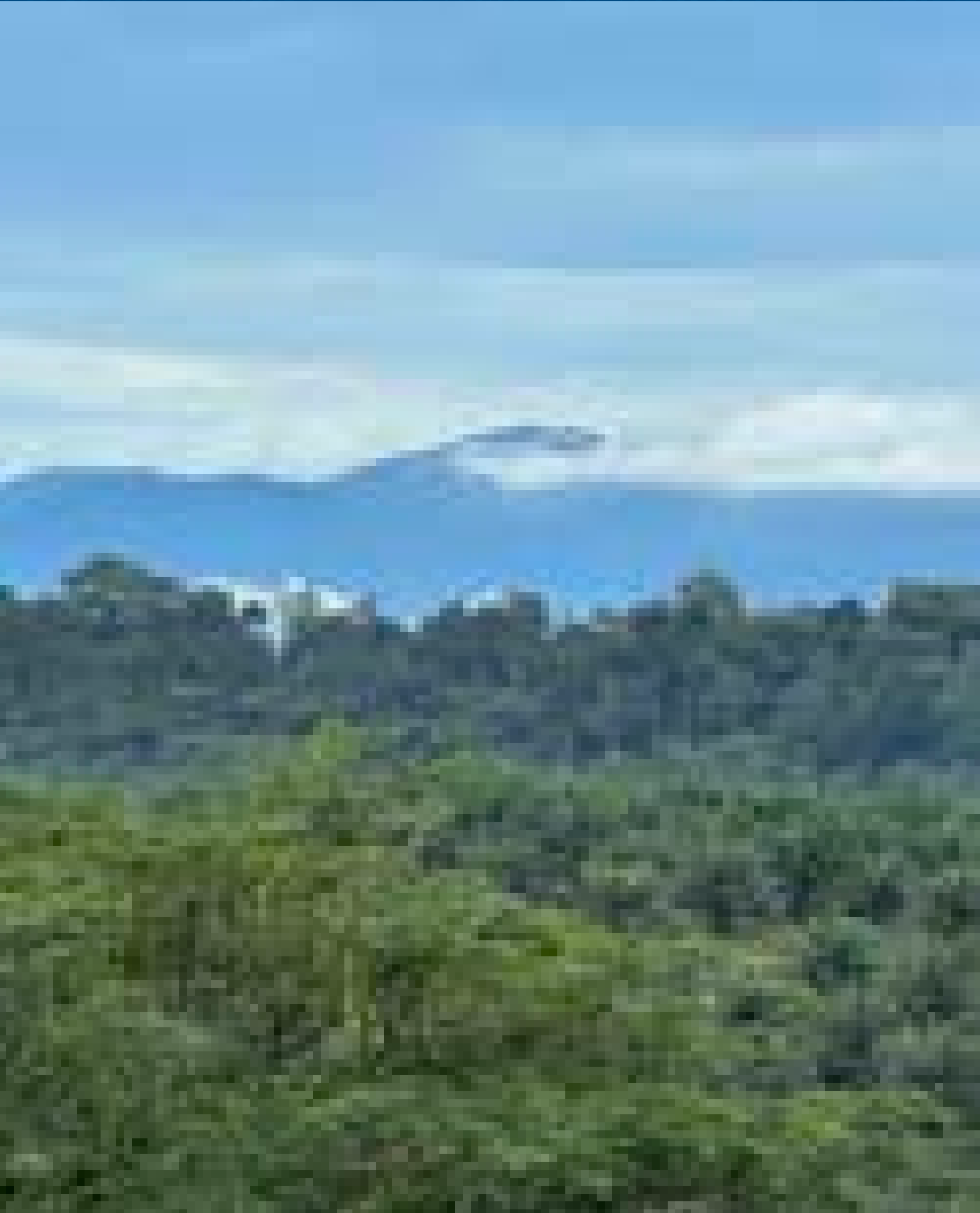
Today, all new Guest Workers are recruited through our Ethical Recruitment Procedures, which include the Employer Pays Principle stating that no Guest Worker should pay for a job in UP. To ensure this, we continue to invest time and resources in minimising risks within the labour supply chain and engage in open and transparent dialogues for further improvements.

The support and commitment by the Board of Directors, EXCOM and Management has been an important foundation for the progress made, and we remain committed to further develop and strengthen our commitments and policies, under the notion of continuous improvement. The details of this journey are described further in our sustainability report on pages 34 to 118.

Prospects and Outlook

Looking at the current global operating environment, UP is respectful of the challenges which 2024 may bring, especially amidst the uncertainties of high interest rates and lower growth expectations coupled with the escalation of geopolitical conflicts and their impact on global supply chains.

With this in mind, we are preparing for times ahead when palm oil prices may soften based on expectations of reduced demand. In addition to increasing labour



UP's first jungle reserve from 1930, the Grut Sanctuary, seen from the Margrethe Hill with young neatly planted oil palms in the foreground and the Titiwangsa mountain range in the background.





HRH Princess Benedikte of Denmark graciously inaugurated the Green Electricity Plant on 9 October 2023.

costs, the high cost of energy, fertilisers, chemicals and building materials are expected to remain at high levels, and thereby exert upward pressure on our cost base.

Efforts are therefore being directed to address these challenges by pinpointing opportunities to enhance our cost efficiencies, boost yields and improve our productivity without sacrificing quality.

This aim will be pursued through ongoing mechanization initiatives and through the replanting of older, less productive oil palm stands with the latest superior planting materials developed by our research department.

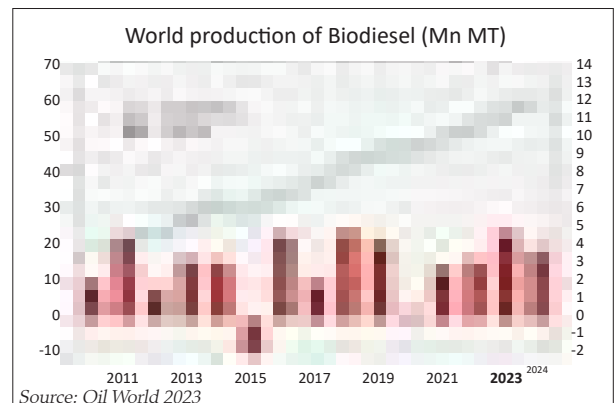
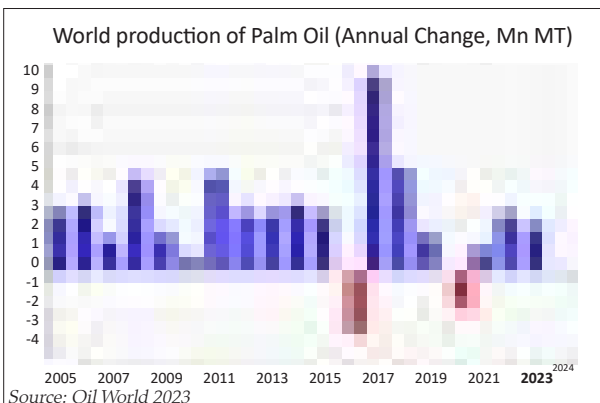
In 2024, we will also further strengthen our focus on safety awareness and take ownership of the challenges and risks associated with ESG, especially matters concerning human rights and guest workers as well as the environment. In all our dealings, we aspire to demonstrate leadership and act responsibly, and thereby do our part in terms of continuously raising the standards within the global agricultural industry.

To do so, more attention will therefore also be given to operationalise our sustainability commitments, so these are “built in” and not just “bolted on”. This is essential to maintain our trajectory of positive development.

When it comes to the price outlook for 2024, there are 3 main factors which must be monitored closely as the development of these will have an impact on the supply and demand fundamentals and thereby price developments going forward.

Firstly, 2023 provided an array of extreme weather patterns globally with dry weather in South America and Europe, but very wet weather during November and December in Southeast Asia.

Such extreme dryness or extreme wetness in one part of the world, has previously been seen as a sign that we could be moving towards an El Nino. This could further reduce the anticipated global production deficit as seen from the table below and thereby ignite a price rally.



In Malaysia and Indonesia, we must therefore monitor the weather patterns closely from May to September when dryness normally takes place. It is at this moment far too premature to make such predictions, but we must remain vigilant and put in place mitigative measures now.

Secondly, the world production of biodiesel including HVO is forecasted to further increase by 3.8 million MT in 2024, thereby reaching a record high level of 61.4 million MT as depicted in the table.

This will largely be driven by fiscal incentives in the US, rising decarbonisation targets in the EU transport sector, and the Indonesian Government's drive to increase domestic palm oil consumption through the Government supported biodiesel programme compelling all diesel to contain an admixture of up to 35% of palm oil.

Thirdly, as mentioned earlier, the global economic growth sentiments remain largely negative with rising interest rates, increasing geopolitical tensions, and China facing a real estate slump, which will affect business and consumer spending, and ultimately also impact the demand for vegetable oils and fats.

Overall, and in spite of the significant uncertainties relating to the 3 main factors mentioned above, we nevertheless believe that the UP Group will also be able to perform satisfactorily in 2024.

Acknowledgment

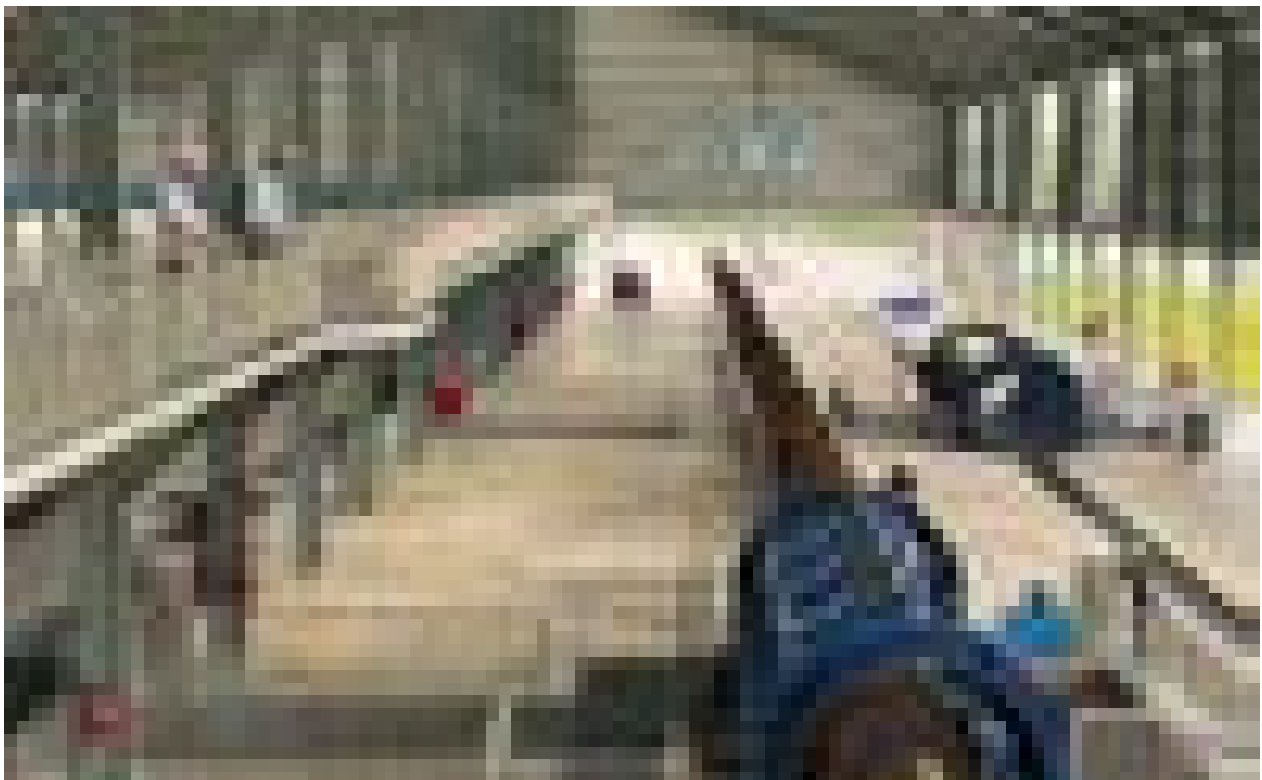
I would like to take this opportunity to thank all our customers, business partners, government agencies and shareholders for their continued support and confidence in our Group where we will continue to do our best to live up to your aspirations and demands.

In closing, I would like to also applaud Management for the various concerted efforts made in 2023 without which we would not have been able to make a new record profit after tax or achieve such gratifying agricultural yields.

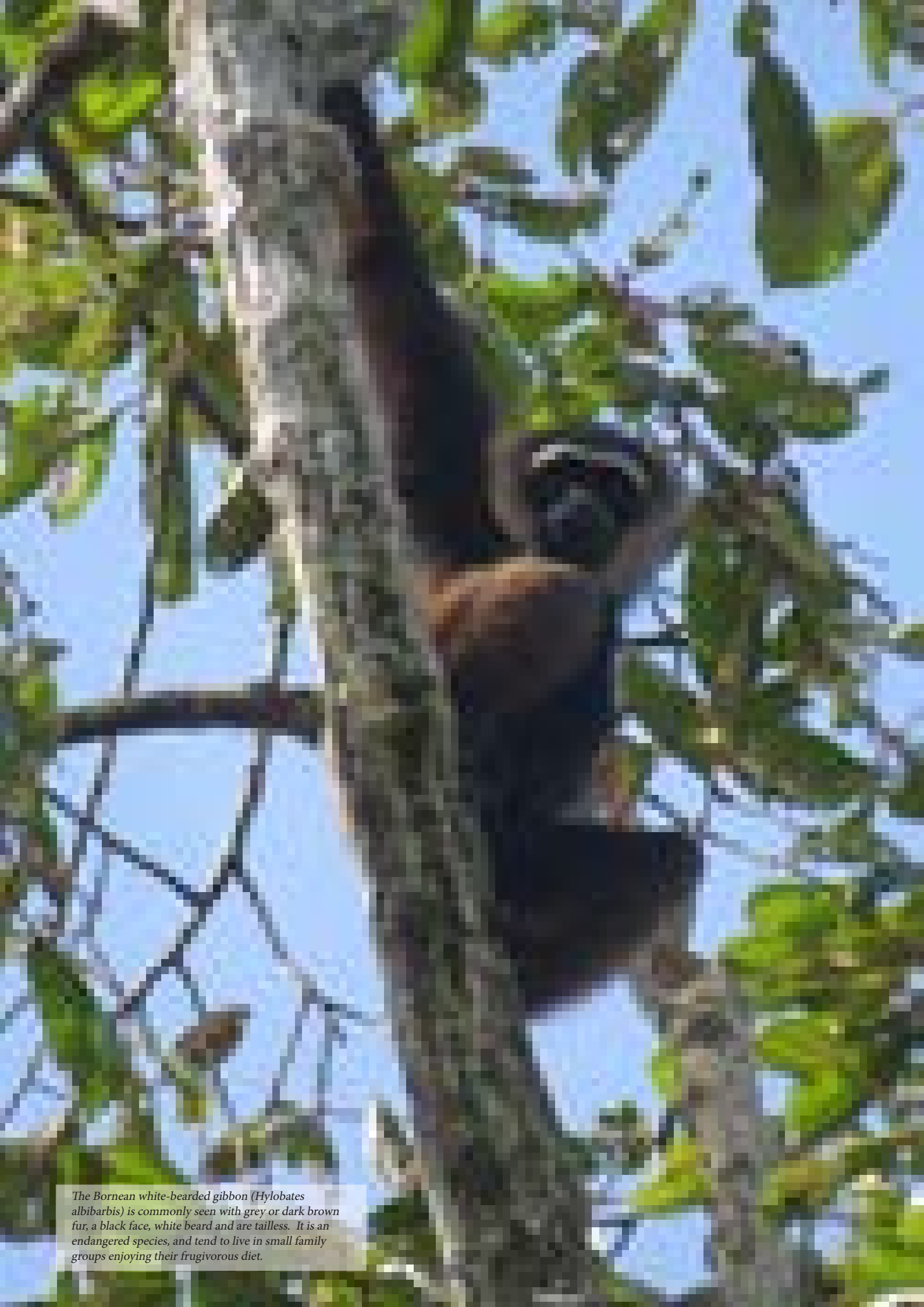
Indeed, I remain impressed with the dedication and loyalty displayed by our officers, staff and employees alike which is equalled only by very few organisations in the world today. For this, I would like to extend my admiration and heartfelt appreciation to all employees who have contributed in building this positive momentum towards our shared goal of being recognized as second-to-none.



Dato' Carl Bek-Nielsen
Chief Executive Director (CED)



The interior of the newly upgraded Jendarata Palm Oil Mill with "State-of-the-art" innovations.



The Bornean white-bearded gibbon (Hylobates albibarbis) is commonly seen with grey or dark brown fur, a black face, white beard and are tailless. It is an endangered species, and tend to live in small family groups enjoying their frugivorous diet.