IPO FACTSHEET

JOHOR PLANTATIONS GROUP BERHAD

MAIN MARKET | 9 JULY 2024 | PLANTATION | SHARIAH COMPLIANT

IPO STATISTICS

IPO Price (RM)	Retail price of 0.84 Institutional price will be determined by bookbuilding
Fund Raised (RM Million) *(based on retail price of RM0.84)*	389.76 from new issue 345.24 from offer for sale **TOTAL: 735.00**
Enlarged issued share capital upon listing (million shares)	2,500.00
IPO Market Capitalisation (RM million)	2,100.00
Price Earnings Ratio (PER)	12.5x

Use of Proceed (RM389.76 million from new issue)

Proceed Utilisation	RM million
Capital expenditure	**196.83**
Construction of an integrated sustainable palm oil complex	*171.60*
Replanting activities	*25.23*
Repayment of bank borrowings	**167.44**
Working capital	**6.74**
Estimated listing expenses	**18.75**
Total	**389.76**

BUSINESS OVERVIEW

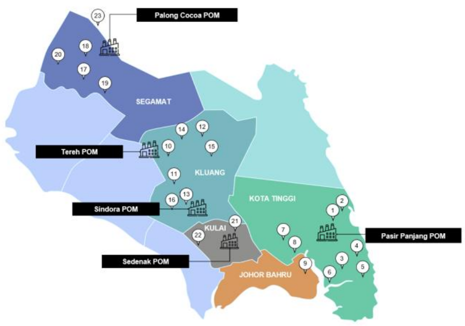
Business Activities

Johor Plantations Group is an upstream oil palm plantation company operating predominantly in Johor, Malaysia, and in connection with its IPO, the Group has plans to enter into the downstream plantation business.
The Group primarily owns, manages, and cultivates oil palms and harvests fresh fruit bunch (FFB) produced on the plantation estates that its owns or rents.

Key Statistics on Upstream Segment

	Johor	Pahang	Total
No. of plantation estates			
- Owned	18	1	19
- Rented	4	-	4
	22	1	23
Total land area (Ha)			
- Owned	47,028	1,625	48,653
- Rented (Malay reserve land status)	9,213	-	9,213
- Rented (non-Malay reserve land status)	1,915	-	1,915
	58,156	1,625	59,781
Total oil palm planted area (Ha)			
- Immature (<3 years)	3,787	29	3,816
- Mature young (4-8 years) [4]	8,011	-	8,011
- Prime young (9-18 years) [4]	29,621	751	30,372
- Prime old (19-22 years)	7,919	776	8,695
- Old (>23 years)	5,010	-	5,010
	54,348	1,556	55,904
Percentage of total land area	90.9%	2.6%	93.5%
Number of palm oil mills (POMs)	5	-	5

Location of POMs in Johor



Trading and support services

The Group is also involved in the plantation supporting services, such as trading of agricultural machineries and parts, and related services. It provides a 6-month warranty for its agricultural machineries and parts by replacing repairing those products with manufacturing effects. It also provides training and advisory services relating to occupational safety and health.

Renewable energy processing

The Group has ventured into the renewable energy business as a renewable energy producer and biomass distributor. It has generated renewable energy using palm oil mill effluent (POME) from its POMs since 2017, when its first biogas plant was commissioned in its Pasir Panjang POM. The table below sets out the biogas utilisation and status of its 5 biogas POMs.

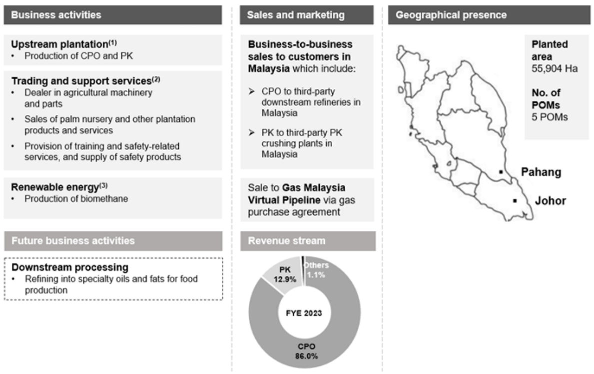
Biogas POM	Biogas utilisation	Status
Pasir Panjang	Power generation	Biogas plant became operational in July 2017 whilst biogas engines were operational since October 2019.
Palong Cocoa	Flaring	Operational since May 2020
Tereh	Power generation	Operational since September 2021. Plant to be expanded for bio-CNG commercialisation by the end of June 2024.
Sindora	Power generation	Operational since January 2022. Plant to be expanded for bio-CNG commercialisation by the end of June 2024.
Sedenak	Biomethane	Commenced commercial operations since June 2023. However, its operations were temporarily suspended in October 2023 after a fire incident. Restoration works were completed in May 2024 and its has since resumed operations at the said plant.

As a biomass distributor, the Group sells the remainder of its PK shell and mesocarp fibre to third parties for use in the renewable energy generation. The table below sets out information regarding its renewable energy production.

	FYE2020	FYE2021	FYE2022	FYE2023
Biogas produced (m^3)	5,260,377	10,380,196	12,735,188	13,133,013
PK shell produced (MT)	95,035	88,919	91,563	87,411
PK shell sold (MT)	20,338	19,618	14,280	13,700
Mesocarp fibre produced (MT)	202,521	190,502	195,070	185,466
Mesocarp fibre sold (MT)	13,006	10,590	10,893	17,762

All information in the factsheet is extracted from the prospectus unless stated otherwise. Investors should make the investment decision by referring to the prospectus for full details. Prepared by Bursa Digital Research. Kindly refer to the disclaimer on the last page.

Business Model



Notes:
[1] Its plantation segment accounted for 98.8%, 98.9%, 98.7% and 98.9% of the Group's revenue for the Financial Years Under Review.
[2] Its trading and other support services segment accounted for 1.2%, 1.1%, 1.3% and 1.0% of the Group's revenue for the Financial Years Under Review.
[3] Its renewable energy segment accounted for 0.1% of the Group's revenue for the FYE 2023. The Group began generating revenue from its new renewable energy business segment during the FYE 2023, whereby it sold the biomethane produced at its biomethane plant at Sedenak POM to Gas Malaysia Green Ventures since August 2023. However, operations at its biomethane plant were temporarily suspended in October 2023 after a fire incident. Restoration works were completed in May 2024 and it has since resumed operations at the said plant.

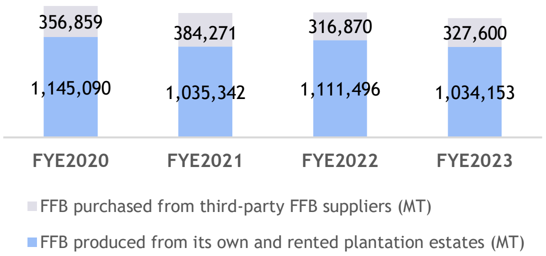
Seasonality

- FFB production tends to increase in the 2nd half of the year as a result of rainfall patterns in Malaysia this typically leads to greater production of CPO and PK during the 2nd half of the year.
- There have been 3 CPO price rallies since 1990 caused by strong El Nino weather events in 1995, 2009 and 2019 that reduced FFB supply and, in turn, CPO production.

Sources and Availability of Raw Materials and Other Services

- Planting materials such as oil palm seeds and tissue culture ramets and FFBs are sourced from its own research laboratories.
- The key raw materials required for its operations include FFB and fertilisers which collectively accounted for 88.9%, 87.6%, 86.7% and 81.7% of its total purchases for the Financial Years Under Review.

Source of FFB processed by its POMs



Note: The Group sold 13,203MT and 4,478MT of FFB to third parties in FYE2020 and FYE2021 and have phased out FFB sales to third parties since FYE2022 as it uses all of the FFB from its oil palm for its own POMs.

Research and Development (R&D)

The Group invests in research and development carried out at its Johor Plantations Agritech Centre located in Kota Tinggi, Johor. Johor Plantations Agritech Centre is a centre of excellence that hosts the following operating units which are supported by 131 research and development staffs:

- **Tissue Culture Laboratory.** The plant breeding and tissue culturist team provides SIRIM-certified seed-derived ortets of different genetic backgrounds to produce commercial clonal planting materials. This effort is expected to result in an increase in ramet production by 2026, gradually reaching the production of 401,831 ramets by 2029.
- **Plant Breeding Laboratory** conducts research and development activities to develop high-performing germinated seeds for use on its estates and for selling to external estates. It has successfully produced 369 mother palms and 6 palms certified by SIRIM. The Group also collaborates with MPOB to develop Clone P325 after 7 years of research, which was officially recognised as an "elite clone".
- **Central Analytical Laboratory** conducts various chemical and physical tests, focusing mainly on agricultural samples. It was accredited with ISO/IEC 17025:2017 certification and was awarded with Institut Kimia Malaysia Laboratory Excellence Award 2023 from the Malaysian Institute of Chemistry.
- **Agronomy Advisory** conducts agronomy research and plant breeding, and operates a microbiology lab. It provides analysis and recommendations on best practices, identifies sites for new agronomy trials, and recommends measures to overcome pest and disease outbreaks.

Certifications

- All its POMs and estates are Roundtabe on Sustainable Pal Oil (RSPO)-certified.
- All its POMs and plantation estates are Malaysian Sustainable Palm Oil (MSPO)-certified, and its POMs have also achieved the MSPO Supply Chain Certification Standard.
- All 5 of its POMs have been accorded with International Sustainability and Carbon Certification (ISCC) status.
- The Group complies with the ISO/IEC17025:2017 (Laboratory Management System) standards and MS15000:2019 (Malaysian Standard on Halal Food)

Number of General Field Workers by Nationality

Nationality	As at 31 December 2023	As at 13 May 2024
Indonesian	3,440	3,179
Bangladeshi	438	389
Indian	6	4
Total	**3,884**	**3,572**

Competitive Strengths

- **Regionally focused, with a large existing landbank in Johor and a strong operational track record.** Approximately 54.3% of its total oil palm planted area were planted with prime young oil palms aged between 9 to 18 years, with a weighted average age of 13.9 years. Its regionally focused operations with a large existing landbank in Johor have consistently outperformed the industry average.

	FYE2020		FYE2021		FYE2022		FYE2023	
	JPG's average	MPOB average	JPG's average	MPOB average	JPG's average	MPOB average	JPG's average	MPOB average
FFB yield (MT per Ha)	**22.9**	16.7	**20.1**	15.5	**22.1**	15.5	**20.3**	15.8
Oil extraction rate (%)	**21.0**	19.9	**20.8**	20.0	**20.3**	19.7	**19.9**	19.9
CPO selling price (RM per MT)	**2,753**	2,686	**4,422**	4,407	**5,177**	5,088	**3,989**	3,810

- **Seeks to adhere to sustainable plantation practices and produce sustainable palm oil products.** JPG is part of a small group of environmentally responsible supplier around the world, given that only 20.5% of global CPO production was RSPO-certified in 2022, according to the Independent Market Research report. The Group is able to market its products and achieve a premium above the market price for its CPO due to its sustainable palm oil product offerings, which are traceable and RSPO-certified.
- **Strong brand recognition and foundational support from its association with its Promoters, namely JCorp and Kulim.**
- **Well-positioned to benefit from strong palm oil fundamentals and demand growth trends.** Demand for palm oil is forecasted to grow at a faster rate than supply, which is being held back by an inability to expand oil palm planting area, until 2032 according to the IMR Report. From 2032 onwards, the growth in supply is expected to be slightly faster than demand as higher soybean oil supplies remove some of the pressure from palm oil and replanting helps to increase production, but stocks are expected to remain tight.
- **The Group's integrated business model allows them to leverage and diversify along the palm oil value chain.** The Group has established an integrated business model that operates across the upstream of the palm oil value chain, offering the Group with greater control over the supply chain and production process. This additional control promotes an increase in the quality of its products. It also enables the Group to improve efficiency and reduce costs by leveraging synergies along the value chain. Given the scale of its integrated upstream operations, the Group is well-positioned to enter into the downstream palm oil segment in the future.
- **Experienced and committed research and development unit.** Its in-house research and development unit has collaborated with MPOB to develop new oil palm clones. After 7 years of research, a jointly developed Clone P325 was officially recognised as an "elite clone" (a planting material of choice) producing an average FFB of 30 MT per Ha a year, with an estimated oil extraction rate of 28.1%, and CPO of 8.5 MT per Ha a year, as compared to its standard DxP oil palm producing an average FFB of 28 MT per Ha a year, with an estimated oil extraction rate of 23.1%, and CPO of 6.6 MT per Ha a year. In recognition of its superiority, the clone won the Malaysian Innovative Product Gold Award at the International Invention, Innovation and Technology Exhibition 2020. Its clone is expected to be commercialised and sold to the external market in 2027 with 60,603 ramets.
- **The Group's Managing Director and Key Senior Management have extensive experience.**

OPERATIONAL HIGHLIGHT

Estate Operations

Oil Palm Age Profile and Replanting

- Approximately 54.3% of the Group's oil palms are in their peak production age, which are its prime young oil palms or those oil palms that are 9 to 18 years old that would allow for an increase in the production of FFB.
- 71.2% of its plantation estates are located on flat or undulating terrain where planting, upkeep and maintenance and harvesting can be done more efficiently than on sub-optimal terrain.
- The Group maintains a relatively low annual replanting target of up to 4% of its total oil palm planted area.

Area planted	< 3 years (immature) (Ha)	4 to 8 years (mature young) (Ha)	9 to 18 years (prime young) (Ha)	19 to 22 years (prime old) (Ha)	>23 years (old) (Ha)	Total (Ha)
Owned estates	3,816	6,416	**23,545**	7,675	3,723	45,175
	8.5%	14.2%	**52.1%**	17.0%	8.2%	100.0%
Rented estates	-	1,595	**6,827**	1,020	1,287	10,729
	-	14.9%	**63.6%**	9.5%	12.0%	100.0%
Total	3,816	8,011	**30,372**	8,695	5,010	55,904
	6.8%	14.3%	**54.3%**	15.6%	9.0%	100.0%

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Weighted average oil palm age (years)	11.5	12.1	12.6	12.9
Total replanted area (Ha)	1,238	1,122	1,216	1,484

Mill Operations

Production and processing

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Total FFB produced (MT)	1,145,090	1,035,342	1,111,496	1,034,153
Total FFB purchased (MT)	356,859	384,271	316,870	327,600
Total FFB processed (MT)	1,501,949	1,419,613	1,428,366	1,361,753
CPO produced (MT)	316,066	295,747	289,488	270,900
PK produced (MT)	79,711	75,867	76,383	72,383
CPO delivered (MT)	316,840	295,887	287,147	270,347
PK delivered (MT)	79,717	75,892	75,348	72,675

Average Selling Prices

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
CPO price (RM per MT)	2,753	4,422	5,177	3,989
PK price (RM per MT)	1,625	2,887	3,218	2,223

FFB Processing Utilisation Rate for each POM

POM	Max FFB processing capacity per year (MT)	Actual FFB processed (MT)	Utilisation rate (%)
Sedenak POM	450,000	408,635	90.8
Tereh POM	390,000	306,142	78.5
Pasir Panjang POM	300,000	204,981	78.8
Sindora POM	260,000	218,364	84.0
Palong Cocoa POM	192,000	167,198	87.1

Yield and Extraction Rates

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Yield per Ha (MT per Ha)	22.9	20.1	22.1	20.3
Palm product yield (MT per Ha)	6.0	5.3	5.7	5.1
Oil extraction rate (%)	21.0	20.8	20.3	19.9
Kernel extraction rate (%)	5.3	5.3	5.4	5.3

GROWTH STRATEGIS AND FUTURE PLANS

- **Increase CPO production output** by increasing operational efficiency, land acquisition or rental and expanding sourcing of RSPO-certified FFB.
  - Launched its "Palm Product Yield 7.0 MT" initiative to attain yields of at least 7.0 MT of palm products per Ha from its mature oil palm plantings via replanting old oil palms or those more than 25 years old with higher-yielding planting materials using various clonal palms.
  - Continue replanting its estates with improved planting materials that are developed through its research and development activities and incorporate more mechanisation and digitalisation into its production process.
  - Acquire existing plantation states in Johor should such opportunity arises or enter into rental agreements given the limited suitable land available for expansion.
  - Increase the sourcing of its FFB by increasing its number of managed estates for third parties.
- **Focus on the sustainably-sourced CPO market.** The Group believes that it has a competitive advantage due to its long track record as an RSPO-certified producer since 2009 and its continued investment in CPO quality enhancement. The Group is generally able to market its products at a premium when it sells them in the segment of the market that focuses on sustainably-sourced CPO.
- **Embrace sustainable principles by maximising the use of by-products from its POMs.** The Group is developing bio-compressed natural gas (bio-CNG) plants at its Tereh POM and Sindora POM which are expected to be constructed and commissioned by the end of June 2024, followed by production and commercial sales in July 2024. The estimated cost to construct these bio-CNG plants is approximately RM26.0 million, of which approximately RM16.9 million has been incurred. The construction cost is funded through internally generated funds and external financing.
- **Diversify its offerings to include downstream products such as specialty oils and fats.**
  - The Group has allocated RM171.6 million of the gross proceeds from the Public Issue to construct an integrated sustainable palm oil complex combining a POM, a refinery, a kernel crushing plant, a bio-energy power plant and an animal feedmill in a single location.
  - The complex is intended to be constructed on Pasir Logok Estate. The estimated total cost for the construction to be approximately RM446.7 million. The Group has identified Fuji Oil Asia Pte Ltd as its joint venture partner (JPG Fuji Sdn Bhd) for its venture into the downstream plantation business. The total cost for setting up the integrated sustainable palm oil complex to be borne by the Group is approximately RM358.4 million, out of which RM171.6 million is via proceeds from the Public Issue, while the remaining RM186.8 million will be funded through internally generated funds and/or external financing.
  - The construction of the integrated sustainable palm oil complex is estimated to take approximately 32 months from January 2024. The complex is expected to become operational by the 3rd quarter of 2026.
- **Expand the production capacity of its POMs** by constructing a POM with a FFB processing capacity of 90 MT per hour as part of its integrated sustainable palm oil complex by the 3rd quarter of 2026. The budgeted cost for the construction of the POM is estimated to be approximately RM141.8 million, which will be funded through a combination of Public Issue proceeds, internally generated funds and/or external financing.
- **Improve its operational efficiency, productivity, and governance through use of digital technologies.**
  - The Group intends to prioritise initiatives to address digital needs such as the automation of FFB grading and digitalisation of laboratory operations. It is undertaking several key initiatives such as the K-Plant mobile application, which is deployed in its operations to support real-time monitoring and reporting of check-rolls and harvesting. It also introduced K-For, a system to store relevant data of its foreign workers for better efficiency.
  - As the Group makes these advancements in digitisation, information security will remain its core priority. It is developing a cybersecurity framework with targeted implementation by the 3rd quarter of 2024 and annual vulnerability assessments and network penetration tests.
  - Additionally, it plans to enhance the security of its in-house deployed applications with a web application firewall by the 1st half of 2024.
  - The budgeted cost to enhance its cybersecurity framework and infrastructure is estimated to be approximately RM0.5 million, which will be funded through its internally-generated funds.

PROMOTERS & SUBSTANTIAL SHAREHOLDERS

Promoter/ Substantial Shareholder	Designation	Shareholding after IPO (%)[2]	
		Direct	Indirect
Kulim (Malaysia) Berhad [1]	Promoter and substantial shareholder	65.0	-
Johor Corporation [1]	Promoter and substantial shareholder	-	[3]65.0

(1) Subject to moratorium to the entire shareholdings for a period of 6 months from the date of admission pursuant to Paragraph 5.29(a), Part II of the Equities Guidelines

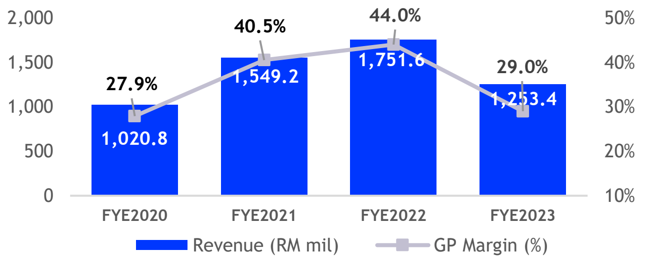
(2) Based on the enlarged total number of 2,500,000,000 Shares after the IPO.

(3) Deemed interested pursuant to Section 8(4) of the Act by virtue of its shareholding in Kulim.

FINANCIAL PERFORMANCE & PEER ANALYSIS

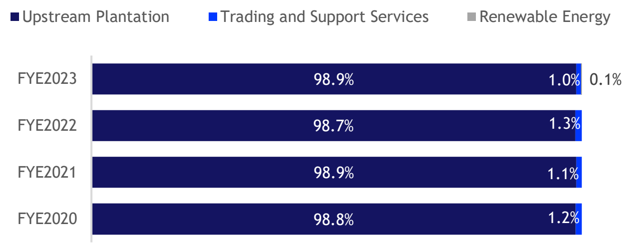
FYE - Financial year ended/ending 31 December

Revenue and GP Margin

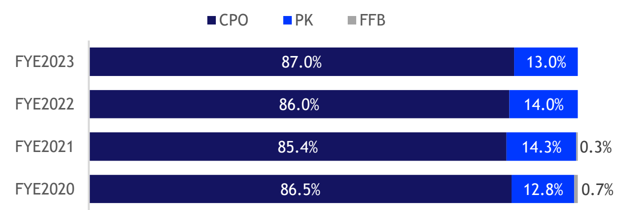


Revenue decreased by 28.4% to RM1,253.4 million for the FYE2023 due to lower revenue from selling CPO and PK which was attributed to lower delivery volume (as a result of lower oil extraction rate primarily due to adverse weather conditions and flooding on its plantation estates in March 2023, and lower selling prices during the FYE2023. This has also led to a decrease in GP and PAT (see below) in the same year.

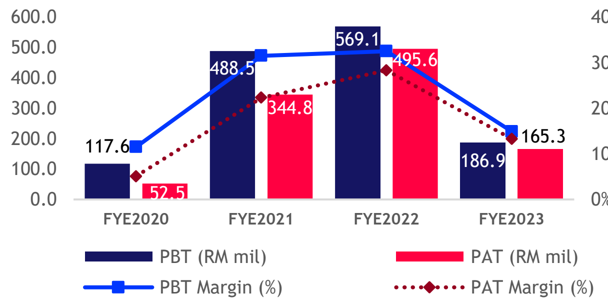
Revenue Breakdown by Segments



Plantation Revenue Breakdown



Profit and Margin



Key Financial Ratios

	FYE2020	FYE2021	FYE2022	FYE2023
Trade receivables turnover period (days)	17	15	13	12
Trade payables turnover period (days)	37	20	18	19
Inventories turnover period (days)	9	8	16	20
Current ratio (times)	0.9	1.3	1.0	1.0
Gearing ratio (times)	1.2	1.0	0.9	0.8
Net gearing ratio (times)	1.1	0.9	0.9	0.7

Dividend Policy

It is the intention of the Board to recommend and distribute a dividend of at least 50.0% of its annual audited PAT attributable to owners of the Group. This will allow its shareholders to participate in its profits while leaving adequate reserves for its future growth.

	FYE 2020 (RM '000)	FYE 2021 (RM '000)	FYE 2022 (RM '000)	FYE 2023 (RM'000)
Dividends declared	[2]318,000	[2]200,000	82,500	[2]69,793
Dividends paid	318,000	200,000	82,500	69,793
PAT attributable to owners of the Group	52,501	344,796	495,592	167,306
Dividend pay-out ratio[1]	605.7%	58.0%	16.6%	41.7%

[1] Computed as dividends declared divided by PAT attributable to its shareholders.
[2] Part of the dividend for the FYE 2020, FYE 2021 and FYE 2023 amounting to RM281.0 million, approximately RM82.7 million and approximately RM69.8 million respectively were declared to set-off the amount due from Kulim to its Group.

Peer Analysis

Company	PAT Margin (%)	PER (x)
Johor Plantations Group Berhad	13.30	12.50
United Plantations Berhad	35.14	13.95
Boustead Plantations Berhad [1]	50.58	N.A.
SD Guthrie Berhad	10.77	14.62
FGV Holdings Berhad	0.52	63.70

[1] Boustead Plantations Berhad was delisted on 23 Jan 2024

Note: Selected peers in Malaysia as identified in the Independent Market Research Report. PAT margin based on prospectus and company announcements. Trailing 12-month PER from Bloomberg at the time of research except for Johor Plantations Group Berhad PER at IPO.

KEY RISK FACTORS

- **The Group's performance may be affected by variations in the yield levels of oil palm.** For the Financial Years Under Review, its average FFB yield per Ha was 22.9 MT per Ha, 20.1 MT per Ha, 22.1 MT per Ha and 20.3 MT per Ha respectively, while the national MPOB benchmark average was 16.7 MT per Ha, 15.5 MT per Ha, 15.5 MT per Ha and 15.8 MT per Ha respectively. However, there can be no assurance that its future performance will be consistent with its past operating results.
- **Its business operations and financial performance may be affected by prolonged or significant disruption to its production, storage and distribution facilities, and transportation infrastructure.** An example of an incident which may give rise to disruption in its operations is the fire incident which occurred at the biomethane plant on 25 October 2023. Another example of operation risk is that its production facilities may require unscheduled downtime or unanticipated maintenance, which could reduce its revenues and increase its costs during the affected period. We experienced a total plant shutdown for 10 days at its Sedenak POM in 2022 due to the downtime experienced by its multistage turbine.
- **Its major customers typically account for a significant portion of its revenue each year.** During the Financial Years Under Review, a significant portion of the Group's revenue was derived from sales to 3 of its major customers, namely Intercontinental Specialty Fats Sdn Bhd, (which contributed more than 38.0% to the Group's revenue for the Financial Years Under Review), Palmaju Edible Oil Sdn Bhd (which contributed to the Group's revenue on an increasing trend from 9.2% for the FYE 2021 to 22.6% for the FYE 2023) and PGEO Group Sdn Bhd (which contributed to the Group's revenue on an increasing trend from 7.3% for the FYE 2021 to 16.9% for the FYE 2023).
- **Dependent on foreign workers for its plantation operations.** The Group employed a total of 4,780 estate workers, out of which 3,572 are foreign workers.
- **The Group's business operations may be affected by loss of right of use of the estates that it rents which contribute a substantial amount of its FFB production.** The Group rent the Malay Reserved Estates from JCorp and they collectively contributed approximately 16.2%, 15.9%, 16.1% and 17.4% of the FFB produced on its owned and rented plantation estates during the Financial Years Under Review respectively.
- **The Group may not be able to continuously renew the term of the Tenancy Agreement.** Pursuant to the terms of the Second Supplemental Agreement, the Group is entitled to renew the tenancy of the Malay Reserved Estates upon expiration of any Extended Term, so long as the integrated sustainable palm oil complex to be constructed on Pasir Logok Estate continues to be in operation and there is no existing breach or non-observance of any of the covenants and provisions on its part contained in the Tenancy Agreement.

ESG PRACTISES

The Group's vision is to be a progressive, efficient and respectable agribusiness company with a strong and sustained commitment to ESG practices. The overarching ESG themes that guide its initiatives are:

I. **Delivering positive environmental impacts**
- **Renewable energy, waste management and carbon footprint reduction.** During the Financial Years Under Review, the Group produced 95,035 MT, 88,919 MT, 91,563 MT and 87,411 MT of PK shell respectively, most of which was used internally for power and steam generation, with 20.7%, 18.4%, 20.4% and 15.7% sold to third parties respectively.
- **Chemicals and pesticides use reduction.** The Group utilises an integrated pest management system such as barn owls and beneficial plants to manage pests, and cattle grazing as a natural weeding method that also improves soil fertility, recycles nutrients, and reduces chemical usage when compared to the use of chemical herbicide.
- **Water management.** The Group has set a target to reduce its water intensity consumption in ots operations to 1.2 m^3 per MT of FFB. It has continued to meet its target of remaining below 1.2 m^3 per MT of FFB for the Financial Years Under Review.
- **Conservation and biodiversity.** Since 2014, the Group has enforced a strict no-deforestation stance and continue to monitor deforestation activity monthly as part of its supply chain monitoring commitment. In 2022, the Group began monitoring its supply base deforestation on the Global Forest Watch, an open-access website that allows them to detect deforestation in its operations and suppliers' operations. The Group maintains the identified 1,131.1 Ha as high conservation value areas and 276.3 Ha as conservation areas. It follows the RSPO criteria and manage and enhance biodiversity through its high conservation value management and monitoring plans. Only 1,366 Ha out of 55,904 Ha or approximately 2.4% of its total planted area are located on peat.

II. **Contributing to the community**
- **Smallholder inclusion programmes.** The Group actively engage smallholders in Malaysia to help them gain MSPO and RSPO certifications. 3 out of its 29 external crop suppliers have been certified by RSPO.
- **Corporate social responsibility programme.** The Group's community engagement and investment programmes represent its commitment to providing focused and practical support to local communities in need while instilling an ethos of volunteerism in its employees. The Group incurred approximately RM1.2 million per annum during the Financial Years Under Review on various initiatives under the education pillar of its corporate social responsibility programme.

III. **Customer satisfaction through quality and safety.** The Group implemented a product quality policy based on standards set by the International Organization for Standardisation. RSPO and the MSPO.

IV. **Promoting transparency and accountability**
- **ESG governance.** 4 overarching ESG targets" i. to halve greenhouse gas emissions by 2025 with net zero aspirations by 2050; ii. To adopt environmental and labour best practices based on international standards; iii. To build a stronger community and create positive social impact; and iv. To continuously enhance governance and ethics in line with industry best practices.
- **Stakeholder engagement and reporting.** The Group maintain an open stakeholder dialogue to effectively identify concerns and react promptly. These stakeholders include its employees, workers, investors and business partners, industry peers, communities, suppliers, customers, regulators, unions, and the media.
- **Supply chain management.** The Group tracks each step of the FFB production process, which results in its own FFB processed in its POMs being traceable to its plantations. Its tracing process using the RSPO PalmTrace traceability system allows them to register its physical sales and processing activities of CPO and PK sold to the market.

V. **Safeguarding human rights**
- **Well-being of its workforce.** Its employment practices are guided by the International Labour Organization core conventions and the principles of the Universal Declaration of Human Rights. They conduct annual social impact assessments to assess and improve the welfare and living standards of its employees, contractors and local communities. They believe in the principle of equal pay for equal work. Salaries are based on predefined grades that apply to its entire workforce.
- **Occupational health and safety.** The Group has developed standard operating and maintenance procedures and are required to maintain records and report data on a timely basis. They review its occupational and health and safety standards annually. It is guided in safety and health matters by its Occupational Safety and Health Policy which applies not only to its employees but also to its visitors, customers, and contractors on its premises.
- **Recruitment of foreign workers.** The Group provides the foreign workers with equal rights and benefits on par with local Malaysian workers. This includes equal wages, housing, access to free clinics, health benefit plans, and the same Social Security Organisation scheme as local employees.

- **Workforce diversity.** The Group cultivates a diverse and inclusive workplace throughout its operations and management by promoting equal opportunities regardless of age, ethnicity, gender, nationality, minority group, sexual orientation, physical ability, religious and personal beliefs. 21.3% of its management and professional level employees (23 out of 108), and 30.0% of its Board (3 out of 10) are women.