



Securities Investors Association (Singapore)

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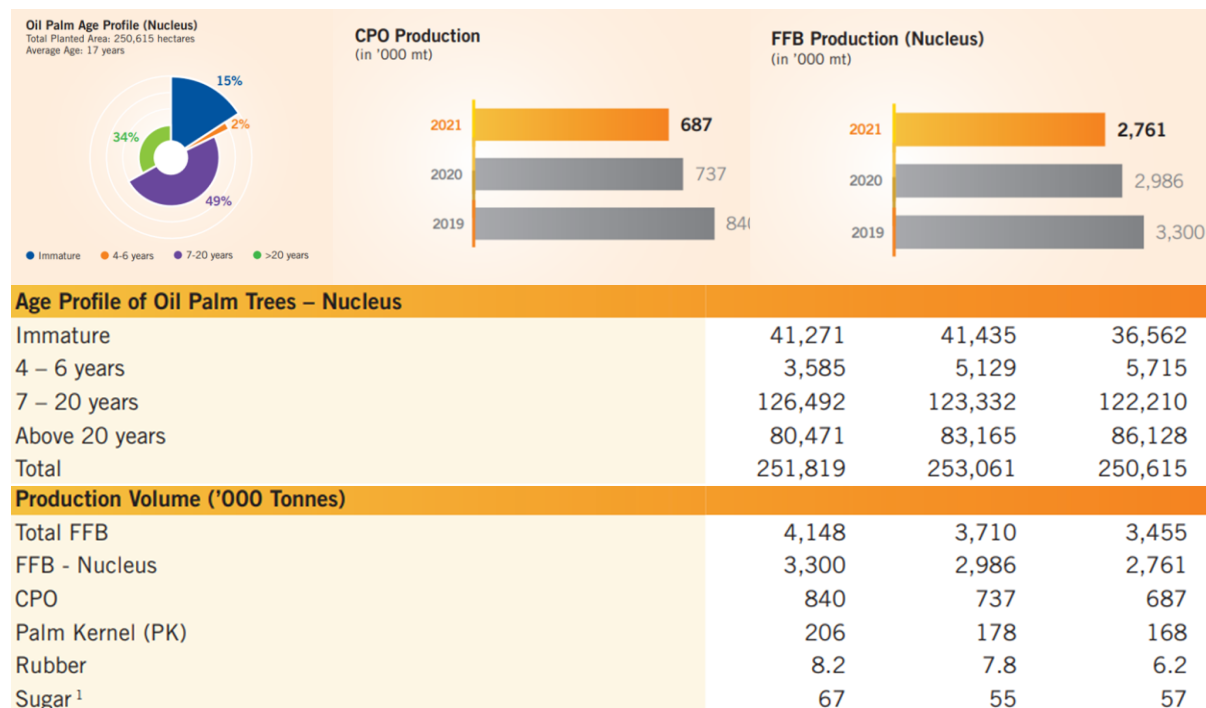
Meeting details:

Date: 27 April 2022

Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. The plantation review for Indonesia and operational highlights could be found on pages 16 to 18 and page 15 respectively (extract shown below).



(Adapted from annual report)

The group's total nucleus fresh fruit bunch ("FFB") production continued its decline to 2,761,000 tonnes (8%) due to lower output as a result of adverse weather conditions and replanting activities.

- (i) **What is the average age of oil palm trees by region?**
- (ii) Based on the age profile shown above, the group has significantly more mature trees than young plants. **How much of the mature trees (above 20 years of age) will be replanted in the near future? Does the group have the resources (and including manpower) to carry the replanting?**
- (iii) **Can management provide shareholders with greater clarity on the replanting schedule, especially of older oil palm trees in Riau and North Sumatra?**
- (iv) **Is the board/management satisfied with the pace of replanting?**
- (v) **What is the improvement in the output when comparing the latest high-yield oil palm variant to those planted 20+ years ago?**
- (vi) **What are the operational levers available to the group to reverse the lower nucleus output?**

- (vii) **Did management consider purchasing more FFB from external parties to compensate for the shortage in FFB nucleus production?**
- (viii) **What were the average utilisation rates for the group's mills and refineries in FY2021? What was the impact caused by government-introduced COVID-19 management measures on the efficiency of the facilities?**

Q2. Would the board/management provide shareholders with greater clarity on the following financial matters in the financial statements? Specifically:

- (i) **CMAA: What are the reasons for the decrease in carrying value of Companhia Mineira de Açúcar e Alcool Participações ("CMAA") from Rp 664 billion to Rp 363 billion as at 31 December 2021 (Note 21 Investment in joint ventures; page 117 to 119)? Why did the net assets of CMAA decrease by more than half?**
- (ii) **Sugar: Are there any synergies between the sugar operations and the palm oil business? Would the group be looking to monetise its investments in the sugar business, especially the Brazilian sugar unit, CMAA?**
- (iii) **Capital management: Cash and cash equivalents increased to Rp 3,764 billion from Rp 2,446 billion. Total borrowings decreased to Rp 10,334 billion. Net debt to equity ratio improved to 0.31 times (Note 36 Capital management; page 144). Is management looking to further improve its capital management by optimising its cash holdings and reducing borrowing costs?**
- (iv) **Dividend: A final tax-exempt (one-tier) dividend of 0.8 Singapore cent per ordinary share was declared for the financial year. This comes after the company stopped dividends in the past two years. What deliberations did the board have on the declaration of higher dividends as the group's financial position improved?**

Q3. As noted in the corporate governance report, as at 25 March 2022, the board was made up of nine directors, comprising three executive directors, two non-executive directors and four independent directors. All the directors are male, between 43 and 75 years old, and have each served on the board for around 15 years.

In particular, independent directors, Messrs Edward Lee, Lim Hock San, Goh Kian Chee and Hendra Susanto had obtained the approval of (a) all shareholders; and (b) shareholders, excluding the directors and CEO of the company and their associates, at the 2021 AGM for their continued appointment as independent directors of the company.

- (i) **Can the company help shareholders understand if it has appointed any new independent directors since 2007?**
- (ii) **Please elaborate further on the search and nomination process for directors, especially independent directors.**
- (iii) **Can the board elaborate further on its board diversity policy?**

On 30 November 2021, Mr Tan Boon Gin, chief executive of Singapore Exchange Regulation (SGX RegCo), gave guidance that companies are expected to use the two-tier rule sparingly to promote renewal and succession planning¹.

- (iv) **Can the NC provide shareholders with greater clarity on the near-term plans to facilitate the progressive renewal of the board in view of the guidance from SGX RegCo? Will the continued appointment of the long-tenured independent directors delay the progressive renewal of the board?**
- (v) **In addition, can the board/director help shareholders understand the rationale for Mr Lee Kwong Foo, Edward to be designated as the chairman and lead independent director?**

¹On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

¹ <https://www.businesstimes.com.sg/companies-markets/answer-my-question-before-i-vote-sgx-regco-sets-new-timelines-for-companies-to>

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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