

Cultivating

Excellence

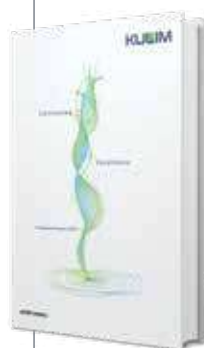
Integrated Report 2021

About Our Report

This Integrated Report covers the activities of Kulim (Malaysia) Berhad for the Financial Year Ended 31 December 2021 ("FY2021") up to 10 May 2022, being the last practicable date before the printing of this report.

It covers Kulim's Environmental, Social and Governance ("ESG") performance across all its operations. The Integrated Report aims to provide concise, relevant and reliable information to the stakeholders.

INTEGRATED REPORT 2021



Primary source of information on our Group's financial and non-financial performance across our operations in Malaysia and Indonesia.

FINANCIAL REPORT 2021



Provides a full account of Kulim's audited financial statements for FY2021.

Regulations and Guiding Principles:

- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- International Integrated Reporting Framework ("IIRF")
- Malaysian Code on Corporate Governance 2021 ("MCCG 2021")
- United Nations' Sustainable Development Goals ("UN SDGs")
- Global Reporting Initiative ("GRI") Standards

SCOPE AND BOUNDARY OF REPORTING

Reporting Period

Our report is produced and published annually. It provides material information relating to our strategy and business model, operating landscape, material risks, stakeholder needs and concerns, performance, governance and prospects, covering FY2021 up to 10 May 2022.

Operating Businesses

The report includes the primary activities of the Group, our business clusters, key support areas and subsidiaries.

Financial and Non-Financial Reporting

The report extends beyond financial reporting and includes non-financial performance, including opportunities, risks and outcomes attributable to, or associated with our key stakeholders, which have a significant influence on our ability to create value.

REPORTING FRAMEWORKS

Kulim's Integrated Report, and the contents of this report are guided by the principles and requirements of the following:

- International Integrated Reporting Framework ("IIRF")
- Malaysian Code on Corporate Governance 2021 ("MCCG 2021")

Our **Financial Statements** for the FY2021 have been prepared in accordance with:

- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- Companies Act 2016

Our **Sustainability Statement** is guided by:

- Global Reporting Initiative ("GRI") Standards
- We have also incorporated the United Nations' Sustainable Development Goals ("UN SDGs") in our approach to sustainability

MATERIALITY AND MATERIAL MATTERS

We apply the principle of materiality in assessing what information should be included in our Integrated Report. This report therefore focuses particularly on those issues, opportunities and challenges that impact materially on Kulim and its ability to be a sustainable business that consistently delivers value to shareholders and stakeholders. Our material matters influence and inform our long-term business strategy, targets, and short-to-medium-term business plans.

The Material Identification Process is a group-wide responsibility and requires input from all business units and divisions, and an assessment of the risks and opportunities in our operating environment. The input and feedback from all our stakeholders are also considered. Ranking the identified issues and prioritising in order of relevance and potential impact is a collaborative effort. The material matters are assessed continually to ensure that our strategy remains relevant in an evolving operating environment.

COMBINED ASSURANCE

We employ a coordinated assurance model to assess and assure various aspects of our business operations, including elements of external reporting. These assurances are provided by management and the Board, internal audit and independent external service providers, including our external auditors and providers of limited assurance on selected sustainability information. For further information on the scope of the services performed by our external assurance providers, please refer to Kulim's Financial Report.

FORWARD-LOOKING STATEMENTS

The Integrated Report may contain forward-looking statements with regard to Kulim's future performance and prospects. These statements relate to events that may or may not occur in the future due to a number of factors including risks and uncertainties, which could cause actual results to differ materially from those expressed or projected by the forward-looking statements.

DELIVERING VALUE

As part of Kulim's strategy we have prioritised the following UN SDGs to integrate ESG considerations into our business ensuring it is environmentally, socially and economically sustainable.



Tan Sri Dr. Ismail Bakar
Chairman

Mohd Faris Adli Shukery
Managing Director

NAVIGATION ICONS

Key content elements are represented by navigation icons. Throughout our reporting, these navigation icons are used to reflect the interconnectivity and interdependencies between the content elements.

CAPITALS

- Financial Capital
- Natural Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social and Relationships Capital

STRATEGY

- Strengthen Upstream Plantation Venture
- Venture into Downstream Business
- Grow Livestock and Agrofood Production
- Strengthen Product Distribution Channel
- Invest in High Growth Ventures

MATERIAL MATTERS

- Compliance
- Product Quality
- Carbon Emissions
- Occupational Safety and Health
- Human Rights and Labour Practices
- HCV/HCS Protection and Management
- Economic Performance

STAKEHOLDERS

- Shareholders
- Employees
- Business Partners
- Workers
- Media
- Suppliers
- Unions
- Government and Regulators
- Communities and Outgrowers
- Customers
- NGOs
- Management

KEY MARKET TRENDS

- Food Security and Food Supply
- Supply Chain Management and Traceability
- Volatility in Vegetable Oil Prices
- Sustainability Concerns
- Mechanisation and Digitalisation

OVERVIEW OF KULIM

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COVER RATIONALE

In line with our aspiration to be a leading Agribusiness player by 2025, Kulim is ready for our next phase of growth. To achieve this goal, we have embarked on a transformation journey to cultivate excellence whilst we pursue our long-term objectives.

For our organisation to thrive, we have set up a transformation office and outlined a detailed transformation programme comprising six key components to change mindsets, realign our strategy, and streamline processes in order to strengthen our business and create operational excellence.

We will further cultivate excellence by embedding digitalisation across our operations for smoother work flow, divesting non-core businesses and assets, and increasing our revenue stream through new growth areas in agribusiness that offer potential for expansion and profitability. We are also elevating our ESG efforts to integrate sustainability into every aspect of our strategies and business operations.

A culture of excellence has been cultivated amongst our employees and guided by our transformation programme, we will continue working towards achieving our goals to deliver long-term returns and value.

We believe the measures we put in place will ensure we become a more sustainable and resilient organisation that will continue to excel in all areas of our business.

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WHO WE ARE:

BRIEF PROFILE OF KULIM (MALAYSIA) BERHAD



Kulim (Malaysia) Berhad ("Kulim") traces its history back to 1933 when Kulim Rubber Plantations Ltd was incorporated in the United Kingdom. Kulim was later incorporated as a public listed company, and in 1975 was listed on the Main Board of the Kuala Lumpur Stock Exchange. A year later, Johor Corporation ("JCorp") became the major shareholder of Kulim. Kulim then became a wholly-owned subsidiary of JCorp before being delisted in 2016.

With total oil palm planted area of 63,158 hectares ("ha") across Malaysia and Indonesia, Kulim continues to generate sustainable growth and profits through innovative approaches and driving digitalisation initiatives across its value chain.

Driven by a workforce of 7,756 employees, we are focused primarily on four core business sectors: Plantation, Agro Farming, Livestock and Trading & Services.

With 89 years of industry experience, Kulim is now paving its way to be re-listed and strives to position itself to become a leading agribusiness player, whilst tapping into new value creation from the circular economy, committed towards ESG agenda.

OUR VISION

**To be the most
progressive,
efficient, profitable
and respectable
agribusiness
company in the
region**

OUR MISSION

- Committed to generate sustainable growth and profits, and to consistently enhance our stakeholder value;
- To provide extensive professionalism and innovation to drive the business forward;
- To achieve operational excellence through continuous improvement and best practices;
- Produce trusted products and services of superior value;
- To strive towards high business ethics and governance; and
- To be an exemplary corporate citizen that is responsible to society and the environment.

CORPORATE PHILOSOPHY



BUSINESS POLICY

Our operation is currently focused on Plantation, Agro Farming, Livestock, Trading & Services – a balanced growth strategy with involvement in industries that will reduce income and profit fluctuations for the Group; of which will be managed with due skill, care and prudence.



ETHICS POLICY

Our business is conducted to the highest standards of ethics, integrity and governance and governed by the various operating standards, policies and procedures.

CORPORATE VALUES

Kulim believes that the spirit of caring is integral to the prosperity and survival of our business. Our concept of caring integrates and extends beyond our capital providers, to include our employees, our society and our environment.

It means building our **COMPETITIVE** capacity with intense biasness towards **ACTION** in generating profitable growth whilst being firmly guided by our pledge to be **RESPONSIBLE** and **ETHICAL**.

WE...



We care, so we share



PEOPLE POLICY

Our people are given top priority, in which we are committed to developing their career success while ensuring the immediate and long-term benefits of the organisation and other stakeholders are not jeopardised.



SUSTAINABILITY POLICY

We believe in the goal of Sustainable Development as the cornerstone of our business policy, which recognises the responsibilities in safeguarding the environment in the course of our business operations.

2021 KEY HIGHLIGHTS

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FINANCIAL HIGHLIGHTS



REVENUE
RM1.65 Billion

[FY2020: RM1.11 Billion]
(▲ 48.65%)



PROFIT/(LOSS) BEFORE TAX
AND ZAKAT
RM433.81 Million

[FY2020: (RM316.45) Million]
(▲ >100%)



GROUP CASH POSITION
RM142.16 Million



GROSS GEARING RATIO
0.68 Times



DIVIDEND TO SHAREHOLDERS
RM150 Million

BUSINESS HIGHLIGHTS

PLANTATION

Merging exercise
effective from January
2021 reduced total
number of estates from
28 to 23



Palm Product Yield ("PPY")
achieved at **5.26 MT/ha**

The fifth biogas plant
was commissioned at Tereh
POM in **September 2021**

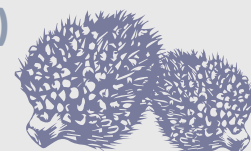


TRADING & SERVICES

AVERAGE SELLING PRICE
Crude Palm Oil ("CPO")
RM4,422/MT
[FY2020: RM2,753/MT]
(▲ 60.62%)



Palm Kernel ("PK")
RM2,887/MT
[FY2020: RM1,625/MT]
(▲ 77.66%)



Reactivation of **JTP Trading Sdn Bhd** on 1 May 2021 as a trading company for agricultural products

AGRO FARMING

Intensive Farming



Cucumber



Luffa

Planted area : **10 acres**

Mono-Crop Farming



Durian

Planted area :
7.35 ha



Coconut

Planted area :
100.2 ha



Pineapple

Planted area : **247 ha**

Production : **1,527 MT**

LIVESTOCK



Total Population

Cattle



7,491 heads

Sheep



220 heads

GOVERNANCE

Kulim achieved
ISO 37001:2016

Anti-Bribery Management System ("ABMS")
certification on 4 June 2021

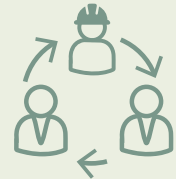
SUSTAINABILITY HIGHLIGHTS

OSH HIGHLIGHTS

Lost Time Accident Rate ("LTAR")

1.03

(Target: less than 10)



Severity Rate

2.87

(Target: less than 3.5)

Zero

Fatalities recorded at
our Operating Units

Published

**Biennial Carbon
Footprint Report**

on 20 November 2021

SOCIAL HIGHLIGHTS

Total Training Cost for Employees

RM1 Million



Average Training Hours/Employee

40 hours / **5** man-days

Contribution

RM19.26 Million

for Corporate Responsibility Initiatives

WHAT WE DO: CORE BUSINESS SEGMENTS

PLANTATION



Kulim is principally involved in upstream and midstream oil palm operations currently spanning across Malaysia and Indonesia.

Kulim was amongst the earliest palm oil producers to be certified to the Roundtable on Sustainable Palm Oil ("RSPO") standard. Our management and growth strategy is fundamentally guided by "Vision 30:30", which aims to raise fruit yields to 30 tonnes per hectare and palm product extraction rates to 30%, balanced with sustainable development principles.



AGRO FARMING



Agro Farming is a new business segment in Kulim encompassing all the non-oil palm agriculture-related businesses we are involved in. We are expanding our plantation portfolio to include intensive farming and mono-crop as well as pineapple farming to supply quality vegetables and fruit for the Malaysian market.



PINEAPPLES



COCONUT



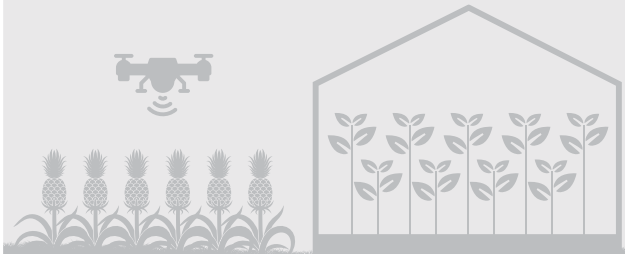
DURIAN



CUCUMBER



LUFFA



LIVESTOCK



We are increasing our cattle population in order to venture into the downstream meat business, as opposed to only using the cattle for weeding purposes. Further enhancing our Livestock operations, we have also embarked on sheep rearing to fill in the current supply gap for meat in the market.

CATTLE



SHEEP



TRADING & SERVICES



Through Trading & Services, we market the entire range of agricultural products – from fruit and vegetables to fresh meat and cattle livestock; while also providing comprehensive IT support services, occupational safety & health advisory services, and agricultural products – from soil and seedlings to machinery. In addition, we are involved in the provision of support services for the Oil & Gas industry as well as the upstream sector in Indonesia.



TRADING OF
AGRICULTURAL PRODUCTS

OTHER SERVICES



OIL & GAS

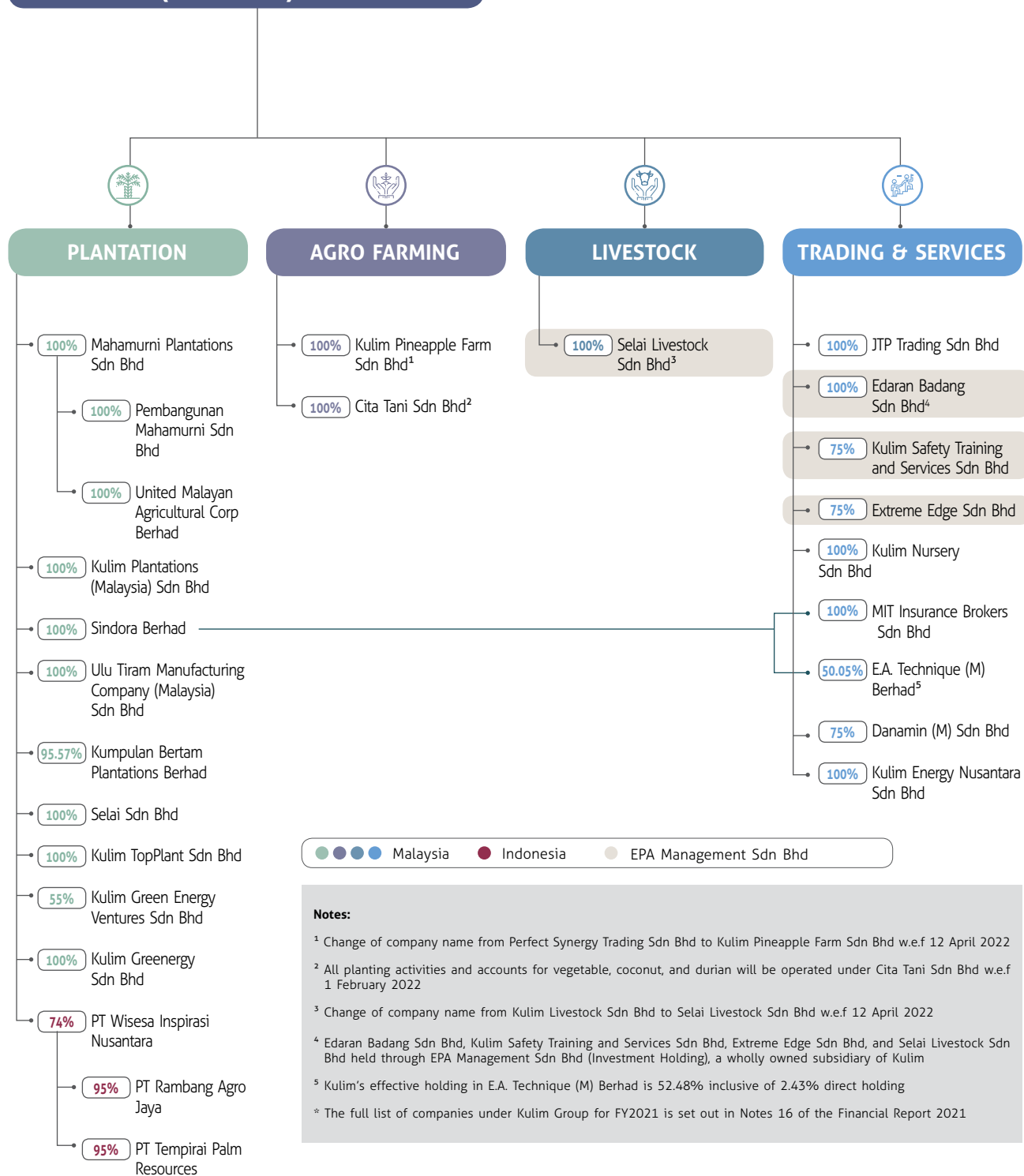


HOW WE ARE STRUCTURED

10 MAY 2022

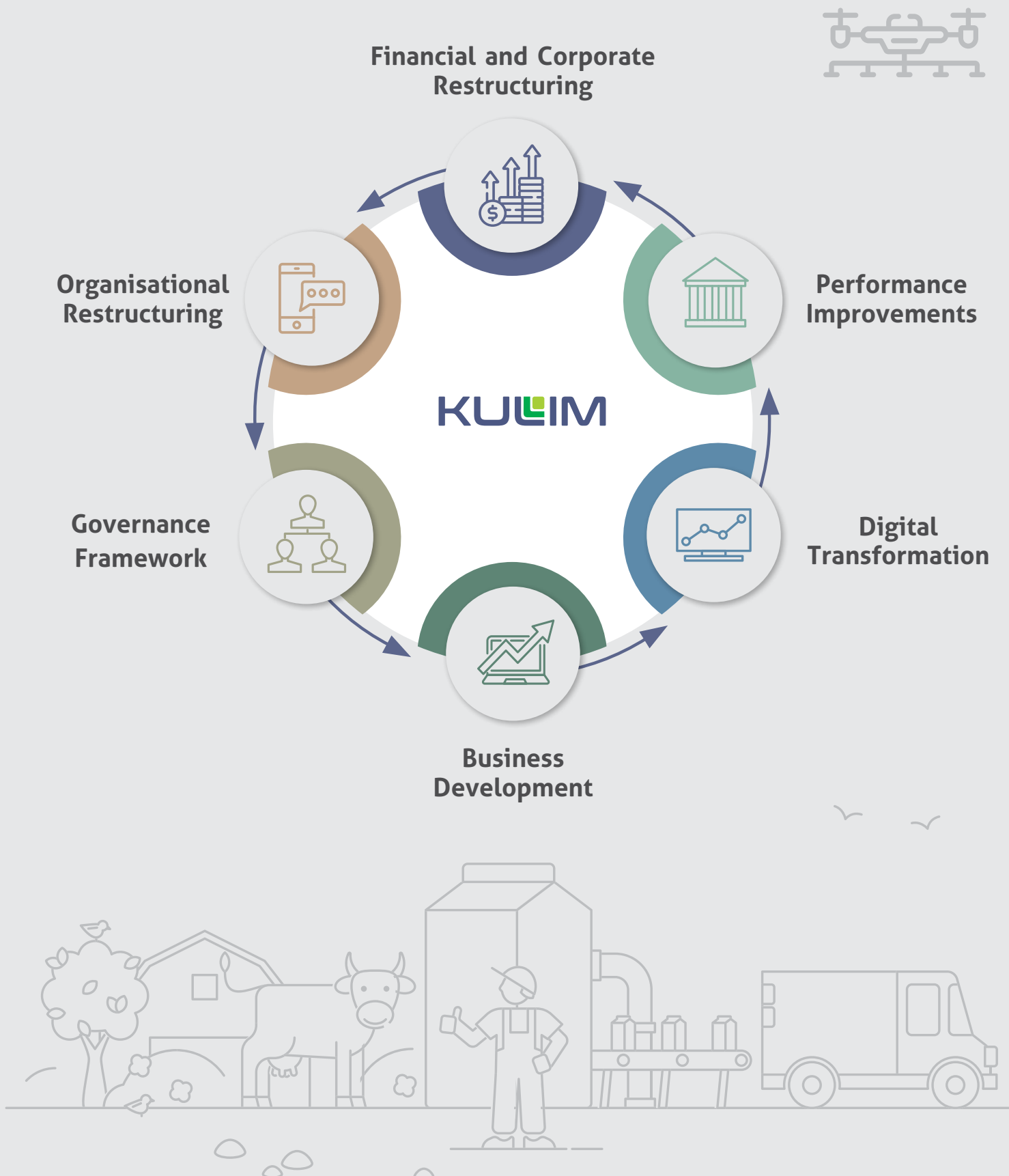
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(MALAYSIA)
BERHAD

KULIM (MALAYSIA) BERHAD*



WHAT WE NEED TO DO:

OUR TRANSFORMATION PROGRAMME



OUR PRESENCE: GROUP'S OPERATIONS

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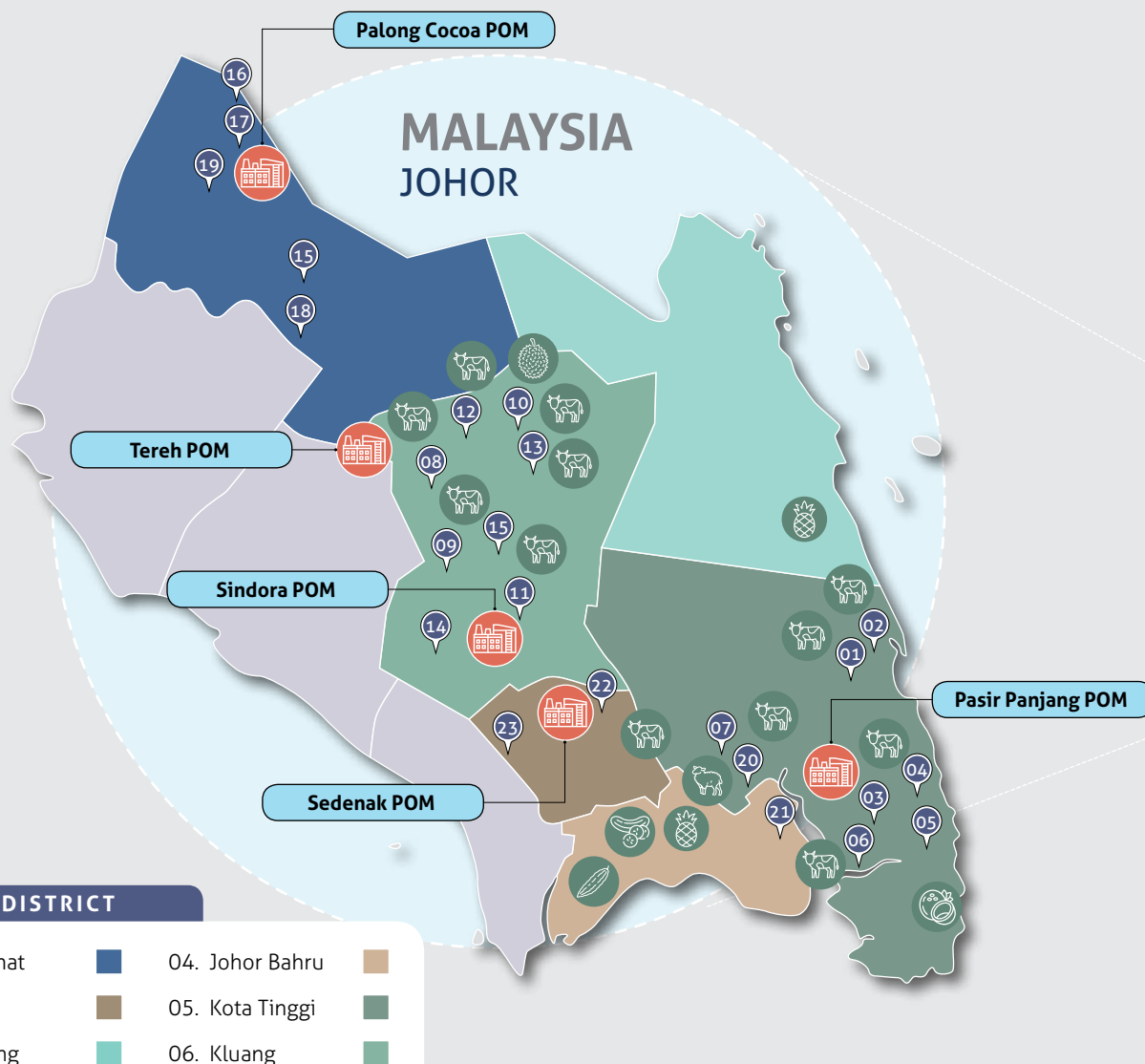
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PLANTATION

ESTATES



MALAYSIA

Southern Region

- | | |
|--------------------|----------|
| 01. Tunjuk Laut | RC MC IC |
| 02. Pasir Logok | RC MC IC |
| 03. Pasir Panjang | RC MC IC |
| 04. Bukit kelompok | RC MC IC |
| 05. Siang | RC MC IC |
| 06. Sg. Papan | RC MC IC |
| 07. REM | RC MC IC |

Central Region

- | | |
|-------------------|----------|
| 08. Tereh Utara | RC MC IC |
| 09. Tereh Selatan | RC MC IC |
| 10. Selai | RC MC IC |
| 11. Sindora | RC MC IC |
| 12. Sg. Tawing | RC MC IC |
| 13. Mutiara | RC MC IC |
| 14. Rengam | RC MC IC |

Northern Region

- | | |
|------------------|----------|
| 15. Mungka | RC MC IC |
| 16. UMAC | RC MC IC |
| 17. Palong | RC MC IC |
| 18. Labis Bahru | RC MC IC |
| 19. Sepang Loi | RC MC IC |
| 20. Basir Ismail | RC MC IC |
| 21. Bukit Layang | RC MC |
| 22. Sedenak | RC MC IC |
| 23. Kuala Kabong | RC MC IC |



MILLS



Southern Region

01. Pasir Panjang POM RC MC SC HC IC

Central Region

02. Tereh POM RC MC SC HC IC

03. Sindora POM RC MC SC HC IC

Northern Region

04. Sedenak POM RC MC SC HC IC

05. Palong Cocoa POM RC MC SC HC IC

ESTATES



INDONESIA

- 01. PT Rambang Agro Jaya
- 02. PT Tempirai Palm Resources



AGRO FARMING



- 01. Intensive Farming
 - Cucumber
 - Luffa
- 02. Mono-crop Farming
 - Durian
 - Coconut
- 03. Pineapple



LIVESTOCK



- 01. Cattle
- 02. Sheep

LEGEND



RSPO Certified



MSPO Certified



MSPO Supply Chain
Certification Standard



HALAL Certified



ISCC Certified

OUR INTEGRATED VALUE CHAIN

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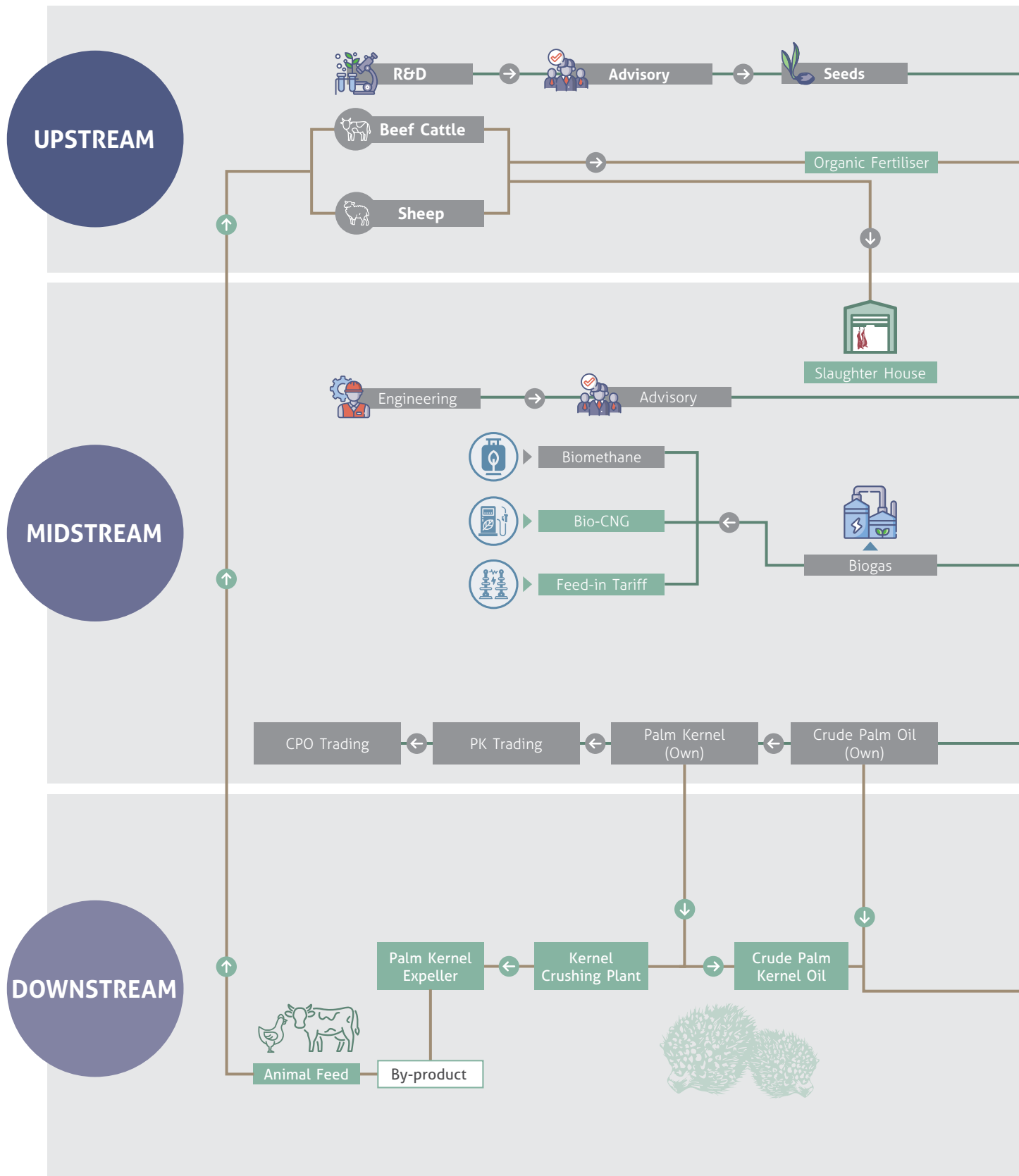
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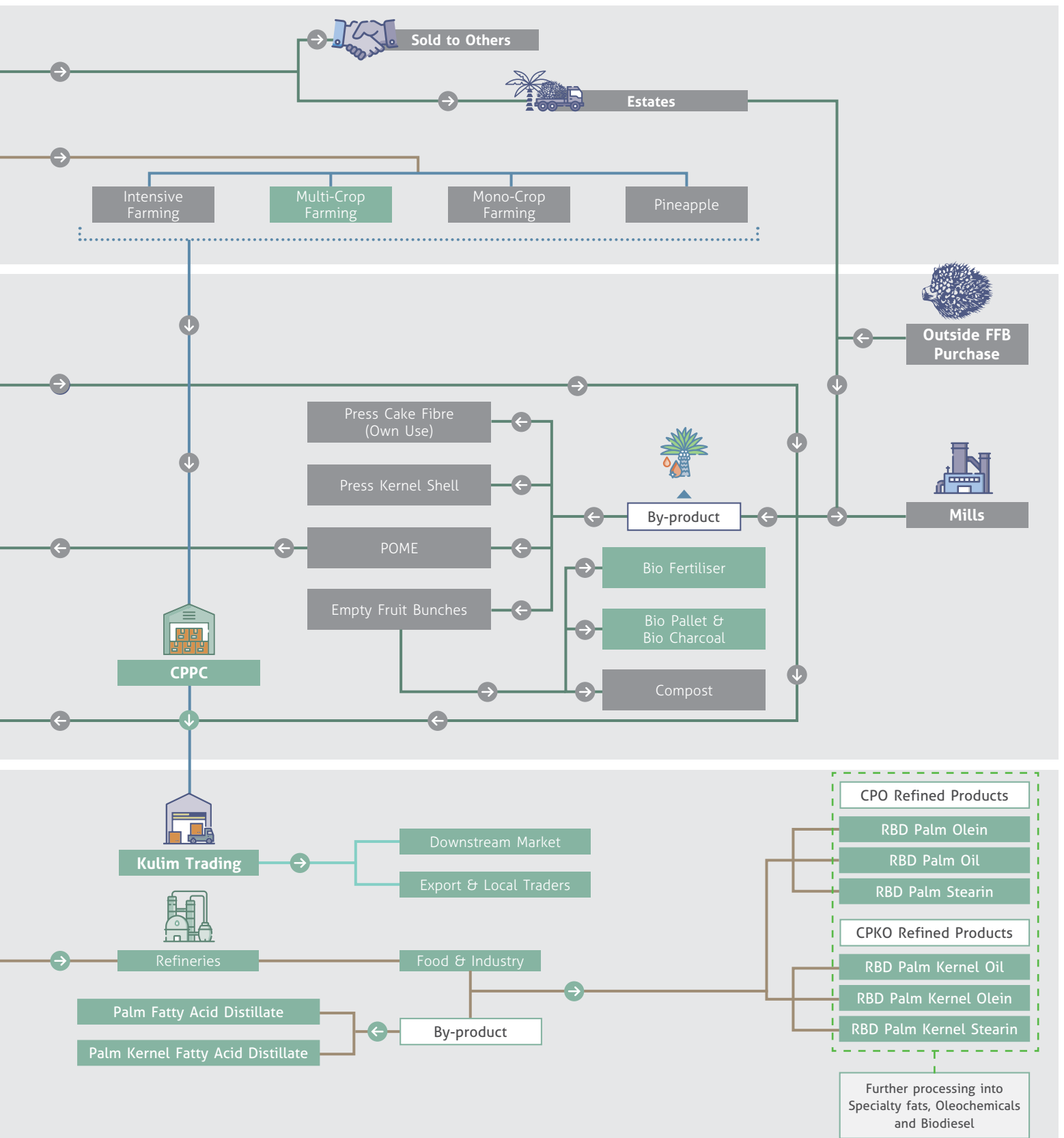
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— Plantation
— Livestock

— Agro Farming
— Trading

■ Current Involvement
■ Potential Involvement



OUR COMPETITIVE ADVANTAGE

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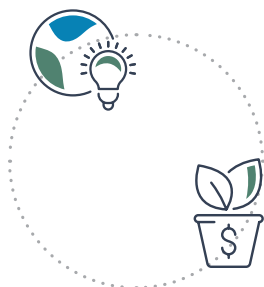
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SUSTAINABLE BUSINESS GROWTH

Stellar and proven track record with more than 80 years of experience in plantation and diversified industries for greater sustainable returns.



STRONG SUSTAINABILITY AND SOCIAL RESPONSIBILITY PRACTICES

Socially and environmentally responsible corporate citizen, ensuring business accountability to deliver long-term value.



EFFICIENCY IN FINANCIAL MANAGEMENT

Financial allocation strategies will always be put in place to withstand any market conditions.



CONTINUOUS EMPLOYEE CAPABILITY DEVELOPMENT

Developing a talent pipeline to propel the organisation towards achieving high productivity through operational excellence and continuous capability development.

OUR STRATEGIC BUSINESS ALLIANCES/ COLLABORATIONS/JOINT VENTURES



MPOB
Malaysian Palm
Oil Board



Malaysian Pineapple
Industry Board



Malaysian Agricultural Research
and Development Institute



Gas Malaysia



Universiti Putra
Malaysia



Agrobank



Malaysian Nuclear
Agency

OUR CERTIFICATIONS



1-0080-09-100-00



MSPO/2-3-0079



International Sustainability
& Carbon Certification



SAMM 307



SIRIM

AWARDS & ACCREDITATION



National Annual Corporate Report Awards (NACRA) 2021

- Best Annual Report in the Non-Listed Organisations Category (Silver)

IKM Laboratory Excellence Award 2021

- Kulim's laboratory received the IKM Laboratory Excellence Award 2021 from the Malaysian Institute of Chemistry (Institut Kimia Malaysia)

KEY MILESTONES

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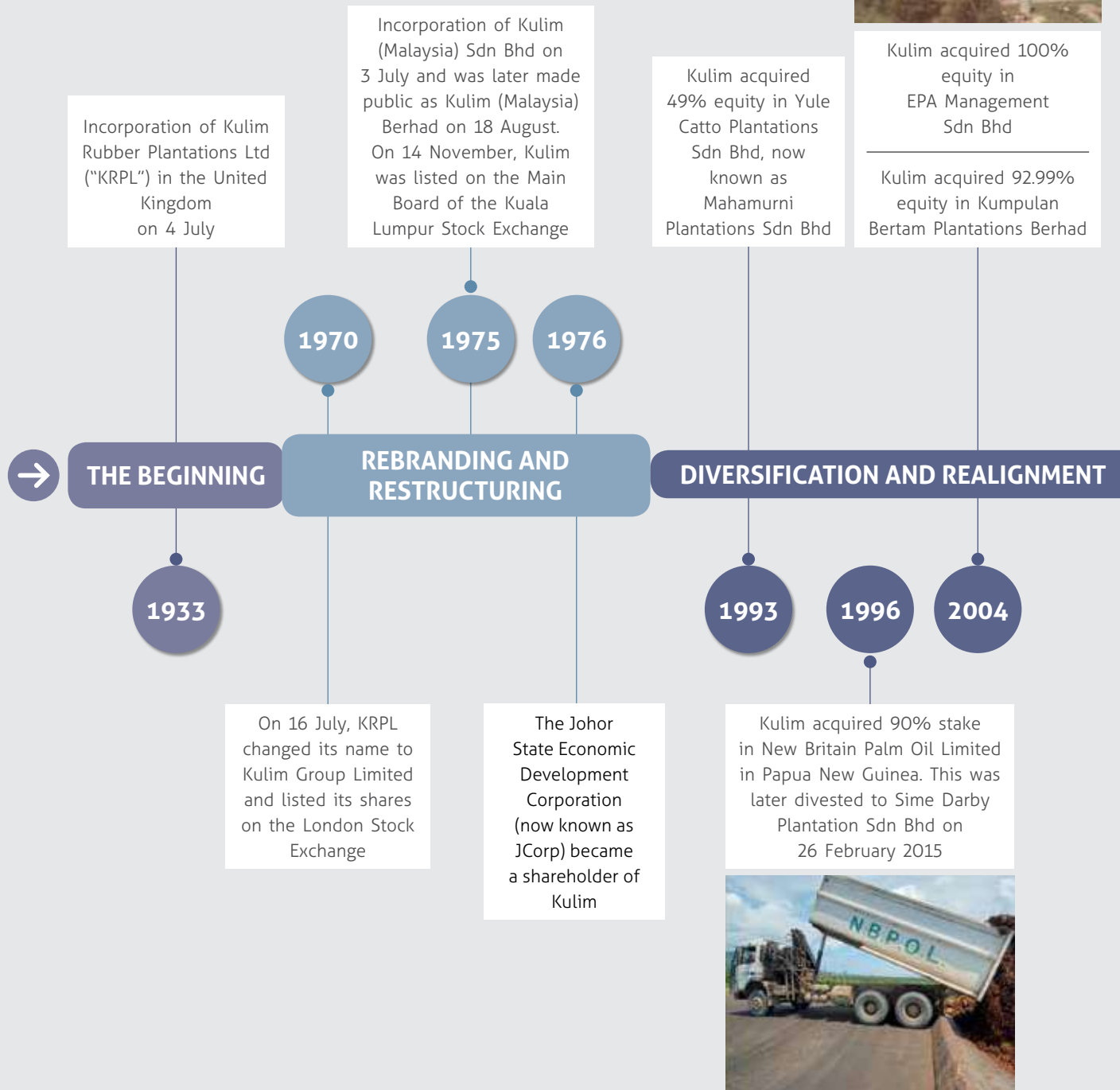
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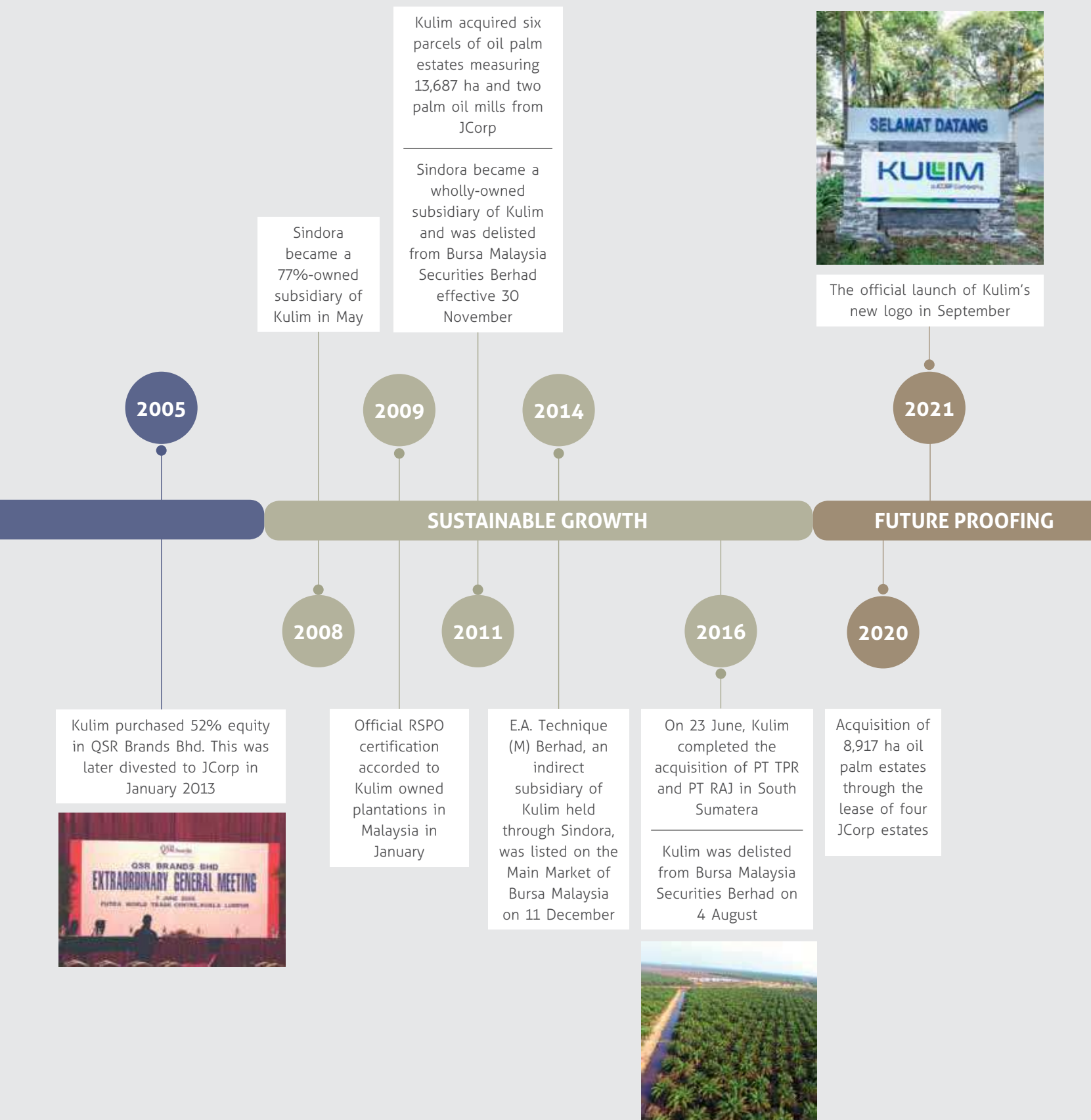
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 **TAN SRI DR. ISMAIL BAKAR**
Chairman

CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS,

The year 2021 continued to be tough for everyone given the prolonged pandemic. It was especially challenging for plantations in Malaysia as we rely heavily on foreign labour. At Kulim specifically, about 76% of our estate workers are from Indonesia, India, and Bangladesh. Since the pandemic, many of them have returned to their home countries and have not been replaced due to strict international movement restrictions. Despite being short-handed, however, our Management has seen to the Group achieving commendable operational results while also pushing ahead with the Group's transformation programme.

Financially, the Group stood to benefit from historically high CPO prices which contributed to a turnaround from making a loss of RM316.45 million in 2020 to recording a profit of RM433.81 million. This enabled the Board to approve a total dividend payout of RM150 million, triple that of RM52 million in 2020.

Indeed, as a responsible organisation, Kulim seeks to create value for all our stakeholders; and since the pandemic, this commitment has truly come to the fore. Despite having to overcome a multitude of COVID-induced challenges, our key priority has been the welfare of our people and the community at large. Various programmes were carried out at our operating units to keep our workers safe. At the same time, anyone who contracted the virus was provided the necessary care and treatment to ensure speedy recovery, while those who were in close contact with them were transferred to safe zones for isolation. We also actively encouraged all our employees to be vaccinated as soon as this was made possible. By year-end, almost all our workforce had been double-vaccinated, including those in the estates. Within the community, we provided aid in different forms to those who were badly affected by the pandemic.

CHAIRMAN'S STATEMENT

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GREENING OUR OPERATIONS

The care and respect with which we treat our employees, as well as the community, is part of a broader ESG agenda which guides our decisions and strategic direction at Kulim. Since becoming Roundtable on Sustainable Palm Oil ("RSPO")-certified in 2009, we have adhered to all seven principles contained in what is widely recognised as the gold standard in sustainable palm oil.

As part of this agenda, we minimise negative impacts on the environment while positively reinforcing systems and processes that protect and conserve our natural surroundings. In terms of emissions, our goal is to reduce our carbon footprint by 50% by 2025 from our 2012 baseline, which translates to achieving an emissions density of 0.88 Metric Tonnes ("MT") of CO₂ equivalent per MT of CPO and PK produced. Currently, our five biogas plants help to siphon off 90% of our total methane emissions. To further reduce our carbon footprint, the infrastructure for Renewable Energy to be utilised at our Pasir Panjang Estate and Tereh Selatan Estate will be completed by mid-2022. We are also setting up a biomethane plant at Sedenak Palm Oil Mill ("POM") and two Bio-Compressed Natural Gas ("bio-CNG") plants in Tereh POM and Sindora POM, which are to be commissioned in 2022 and 2023 respectively.

TOTAL DIVIDEND
TO SHAREHOLDERS

RM150 Million



Certification:

ISO 37001:2016 ABMS



NACRA 2021:
Best Annual Report in the
Non-Listed Organisations
Category (Silver)



ENHANCED GOVERNANCE

In terms of governance, we continue to be guided by key corporate governance principles and best practices as promulgated by the MCCG 2021. We recognise the importance of having a sound corporate governance in order to maintain transparency, accountability, and integrity in our dealings thus engendering a high level of trust among our stakeholders.

On 22 December 2020, the Board approved the establishment of four Board Committees, namely the Board Nomination and Remuneration Committee ("BNRC"), Board Audit and Risk Committee ("BARC"), Board Investment Committee ("BIC") and Board Tender Committee ("BTC") to assist the Board in discharging its fiduciary duties and responsibilities.

In addition, we have instituted various corporate policies related to administrative and risk management matters. In 2021, these included Limits of Authority ("LOA") manuals for Kulim Group and our subsidiary companies, a revised Enterprise Risk Management Framework, Business Continuity Management System Policy and Framework, Kulim Investment Policy, and Finance Policy and Procedure.

A key achievement during the year was attaining the ISO 37001:2016 Anti-Bribery Management System ("ABMS") certification, as we had planned. To further support a culture of integrity, we also developed a Group Code of Business Ethics ("COBE") manual outlining the kind of ethical behaviour we expect of everyone associated with Kulim. Beyond compliance with laws and regulations, COBE will guide us in making the right choice when facing difficult situations.

ENTRECHING ESG WITH A FRAMEWORK

We recognise the importance of continuously strengthening our ESG platform in order to stay relevant and resilient in managing global imperatives. Guided by relevant industry standards and recommendations, we are developing a more structured ESG Framework which will align our sustainability initiatives with our vision, strategy and goals, as well as industry best practices and, of course, the ESG Framework of our parent company, JCorp. To ensure initiatives are executed as planned, the Framework – to be launched in the second quarter of 2022 – will also create accountability for key actions outlined.



While working towards a strengthened ESG platform, it is with pride to share that our reporting has been recognised as being of a high standard in terms of the transparency, accuracy and completeness of disclosure. Our Integrated Report 2020 won the Silver in the National Annual Corporate Report Awards ("NACRA") 2021 for the Best Annual Report in the Non-Listed Organisations category.

ACKNOWLEDGEMENTS

Our successes in 2021 have been the result of great teamwork, and I would like to take this opportunity to acknowledge the entire Team Kulim for their invaluable contributions. This includes all of our 7,756 employees, who have continued to demonstrate a high level of commitment to the Group; our very capable and dynamic Management, who are inspiring a culture of change; as well as my colleagues on the Board, whose collective knowledge and experience have served to guide key decisions and Kulim's overall direction.

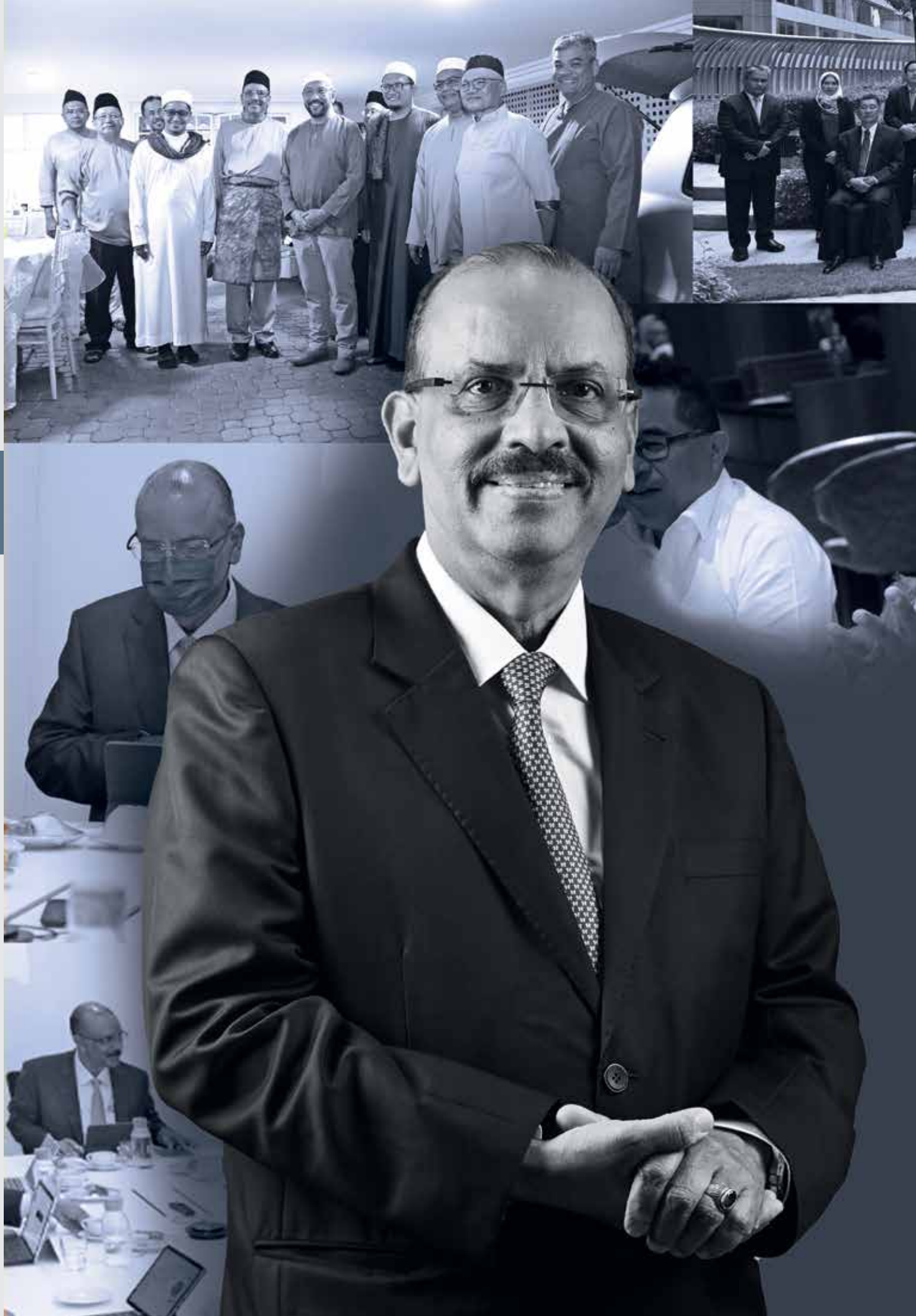
On behalf of the Board, we would like to express our heartfelt condolences to the family of my predecessor, Tan Sri Dr. Ali Hamsa, who passed away very recently. In the one year that Tan Sri helmed Kulim, he served to guide the organisation successfully through the crucial initial phase of its current transformation.

We also welcome Mohd Fazillah Kamaruddin, who joined us as an Independent Non-Executive Director on 20 June 2021. Mohd Fazillah has many years of experience as a fund manager and we look forward to his contributions to Board discussions and deliberations.

We would also like to extend our appreciation to all our other stakeholders – from JCorp to our shareholders, business partners, associates, consultants, financiers, and government authorities in Malaysia and Indonesia. Each group has been invaluable to our journey to date, and will continue to be critical to our ongoing transformation. We look forward to your continued support as we further entrench our position in the food supply chain, initially in Johor and eventually in the nation.

A handwritten signature in black ink, consisting of a series of loops and strokes, positioned above the name and title of the signatory.

Tan Sri Dr. Ismail Bakar
Chairman





It is with great sadness to share that, on 21 April 2022, our previous Chairman Tan Sri Dr. Ali Hamsa passed away in Dublin Hospital, Ireland.

Tan Sri had been appointed Chairman of Kulim on 1 March 2021, at a time when the Group was just embarking on our current transformation programme. Under his steadfast guidance, the Group was able to lay a solid foundation in our quest to become a sustainable and diversified agribusiness with a focus on supplying the needs of the region. Indeed, in the one year that he helmed Kulim, the organisation made significant progress in achieving various milestones that had been set.

Prior to becoming part of the Kulim family, Tan Sri had an illustrious career spanning more than 40 years in the civil service. Among others, he served as an Assistant Director at the Ministry of Trade and Industry; a Senior Project Manager at the National Institute of Public Administration; and Director of Distribution, Regional Economics Division, as well as Deputy Director-General, National Transformation and Advancement Programme – both at the Economic Planning Unit in the Prime Minister's Department. In 2009, he was appointed the first Director-General of the Public Private Partnership Unit, also in the Prime Minister's Department.

From 2012 till 2018, Tan Sri served as Chief Secretary of the Government of Malaysia. He was also the Pro-Chancellor of University Tun Hussein Onn, Malaysia.

Given his contributions to the nation, Tan Sri has been described as a "towering giant" in the country's administrative service. His passing marks a great loss not just to Kulim, but the nation.

We, the Board of Directors, Senior Management and employees of Kulim, would like to extend our condolences to Tan Sri's family. He will be remembered by everyone in the Group for his deeply held conviction that for us to grow in a meaningful manner, we should create value for all our stakeholders. This belief served to guide Kulim in making many difficult decisions over the last year, and has helped to set the stage for our continued success.

His commitment and passion for the country and its people have become internalised in the culture in Kulim, reinforcing the #TeamKulim spirit, which will go a long way towards elevating the Kulim brand. Tan Sri Dr. Ali Hamsa exemplified true leadership, driven by the desire to effect positive change for everyone.

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 **MOHD FARIS ADLI SHUKERY**
Managing Director

MANAGING DIRECTOR'S STATEMENT



“ALTHOUGH IT WAS IN MANY WAYS A SUCCESSFUL YEAR FOR KULIM, OUR ELATION HAS BEEN TINGED BY GREAT SADNESS AT THE UNTIMELY PASSING OF OUR FORMER CHAIRMAN, TAN SRI DR. ALI HAMSA. IT IS ONLY FITTING TO NOTE HIS INVALUABLE CONTRIBUTIONS TO THE ORGANISATION, ESPECIALLY AS WE EMBARKED ON OUR CURRENT TRANSFORMATION.”

DEAR STAKEHOLDERS,

2021 was a year of two and opposing extremes for Kulim. While we were operationally stretched by insufficient manpower, financially we stood to benefit from sky-rocketing palm product prices. This translated into one of our best financial results to date despite sub-optimum production and yield. We were naturally pleased with our financial windfall; yet it was with even greater pleasure to see the Group gradually shape up into the agriculture-focused, digitally enhanced, and sustainably run organisation that we envisage at the end of our current transformation. And it gives me pleasure to share a snapshot of our performance during the year.

As the pandemic intensified in 2021, international borders remained closed and the labour shortage experienced in Malaysian plantations in 2020 became even more acute. This was particularly evident during the harvesting season, resulting in lower Fresh Fruit Bunches (“FFB”) production as well as yields. At the same time, as economies recovered, demand for oils and fats further increased, far outstripping supply which was hampered by various reasons across the globe. The outcome was a sharp increase in the price of vegetable oils, with that of CPO hitting historic highs. For the year as a whole, the price of CPO averaged RM4,422 per MT, 60.62% higher than in 2020.

Boosted by high CPO and PK prices, we were able to push ahead with various investments integral to our transformation journey. More important than these physical investments, however, we are seeing a new culture and mindset emerge. There is definitely a revitalised energy in Kulim today, a certain nimbleness in our approach that enables us to identify and embrace opportunities, as well as execute tasks swiftly and efficiently. It is this which gives us reason to believe we are truly on our way towards achieving substantial and sustainable change as we work towards becoming a leading agribusiness player serving the needs not just of Johor but the nation.

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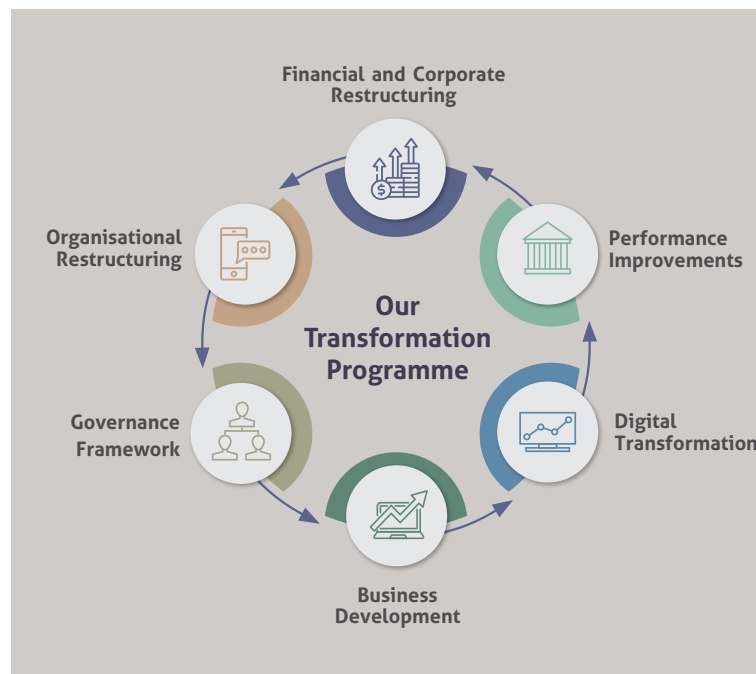
A YEAR OF TRANSFORMATION

In my statement last year, I had indicated that Kulim was embarking on an extensive transformation programme to focus on our core expertise, namely agriculture, while enhancing efficiencies through mechanisation and digitalisation, with robust corporate governance structures supporting the entire organisation. This programme was officially rolled out in December 2020, hence 2021 was its first full year of implementation; and it pleases me to share that we have achieved much that we can be proud of.

One of the key components of our transformation programme is financial and corporate restructuring in order to dispose of non-core assets for more streamlined operations. Specifically, we seek to ease out of our Intrapreneur Venture ("IV") and Oil & Gas businesses as these are no longer aligned with our agribusiness vision. The idea is to dispose of our Oil & Gas concerns and, similarly, either to dispose of our IV companies or subsume them into Kulim as subsidiaries. Due to the pandemic, we were hampered to a degree in this regard. Nevertheless, we managed to rationalise three of our IV companies – Perfect Synergy Trading Sdn Bhd, Microwell Bio Solution Sdn Bhd and Special Appearance Sdn Bhd – while disposing of seven dormant companies.

For enhanced organisational efficiencies, we merged 10 estates into five, reducing our total number from 28 estates to 23. Standardisation of the size of our estates allows for better sharing of best practices as well as upskilling of executives and staff. Within the estates themselves, we are continuing with various efforts to optimise production as well as yield, from improving the quality of our planting materials to enhancing soil quality, further mechanisation of our in-plantation processes and upgrading our mill efficiencies.

We continue to be supported by our research and development arm, Kulim Agrotech Centre ("KAC") to produce increasingly better planting materials and fertilisers. This year, KAC provided Kulim TopPlant with 37 SIRIM-certified seed-derived ortets to produce elite commercial clonal planting materials. It also enhanced the production of mycorrhiza, a microbe which strengthens palms' immunity against diseases.



Creating better operational efficiencies, we are enhancing our assisted infield collection systems. As an example, we have started to introduce mini tractors with scissor lifts/grabbers in suitable terrain. Together with the earlier introduced mechanical buffalos and other initiatives, as at end 2021, we have mechanised a total of 33,497 ha or 60.03% of our plantation areas, exceeding our target by 5.33%. This is a more significant increase as compared to year 2020 at 14.67% or by 4,287 ha. We also exceeded our land labour ratio target of 1:12 ha with an achievement of 1:12.51 ha for 2021.

Our mills, meanwhile, are being upgraded through the installation of vertical sterilisers, new boilers and turbines as well as digesters with greater capacity. To better reflect our productivity, we have introduced a new headline key performance indicator, PPY, which combines FFB yields and both CPO and PK. This year, we achieved a PPY of 5.26 MT/ha. While pleased with this result, we recognise that we can do better and have set the target of further increasing our PPY by the end of 2022.

“ IN TERMS OF BUSINESS DEVELOPMENT, OUR OBJECTIVE IS TO DIVERSIFY INTO NON-PLANTATION AGRIBUSINESS, EXPAND OUR LIVESTOCK BUSINESS, AND COMPLETE THE VALUE CHAIN BY ALSO HAVING OUR OWN TRADING AND SERVICES BUSINESS. ”

Toward this end, in 2021 we commenced intensive farming of cucumber and luffa (a type of gourd) on 10 acres at Ulu Tiram Estate, while also starting a durian plantation on 18 acres at Selai Estate. In addition, we increased our cattle stock by 1,000 heads to total 7,491 cattle, our goal being 10,000 heads of cattle by 2024. And, leveraging the expertise of our personnel in managing cattle, we have embarked on intensive sheep farming to fill the gap in the local supply of meat. This saw us welcome 220 heads of Santa Ines sheep to our farm in Basir Ismail Estate. On 1 May 2021, we also reactivated JTP Trading Sdn Bhd to serve as a trading company for our products as well as those produced by third parties.

In line with the reinvention of Kulim, towards the end of 2021, we implemented a new group structure that reflects our new core businesses and the sectors that are we are focusing on.

FINANCIAL REVIEW

During the year under review, the average selling prices of CPO and PK increased by 60.62% and 77.66% respectively. Despite lower sales volume overall, the inflated prices resulted in an enhanced revenue from our Malaysian plantation segment, leading to a 48.64% increase in Group revenue to RM1.65 billion from RM1.11 billion in the year 2020.

It should also be noted that our marketing approach enabled us to realise an average CPO selling price of RM4,422 per MT, which was RM21 per MT higher than the Malaysian Palm Oil Board ("MPOB") average of RM4,401 per MT.

OUR CULTURE & PEOPLE

In September 2021, we launched a new logo to reflect a new Kulim – one that is versatile, agile and adaptive to the new environment. The new logo, however, is only symbolic. At the heart of our revitalised organisation is our people. To ensure that our people will drive our transformation, we are embarking on a culture change journey.



There is a lot more engagement between management and our employees, and greater empowerment in the way they work. Everyone in the corporate office has been given a laptop or notebook equipped with Microsoft 365 in order to work remotely. Performance is based on clearly outlined deliverables. Recognising the value of good work-life balance, we are maintaining our split-team operations with half our corporate employees working from home or remotely at any one time while the other half works in the office.

Digitalisation will be core to our new culture. And we are acclimatising our people to be comfortable with the use of digital technologies on a day-to-day basis. With platforms such as Power Business Intelligence ("BI"), we are leveraging data and analytics in order to improve the way we run our plantations, mills, marketing, and the supply of external crop. Concurrently, we have introduced a comprehensive K-Plant mobile android app, which is now deployed in all our operating and certain business units covering everything from sundry payments to check-rolls and nursery operations to harvesting. Within our estates, the app is being used to replace manual in-field and mill tasks to provide a single source of truth for plantation operations management.

One of the first functions to go online in our corporate office has been Human Resources. Records on employee attendance, leave, salary payments, and claims are all done online. We have also completed a system to store relevant data on our foreign workers, called K-For. To enhance digital interactions and communication, we have developed our own internal portal, Kulim Connects, on which everyone can stay connected.

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BETTER ESG PERFORMANCE

Kulim's commitment to operating sustainably is something that sets us apart. We were one of the first plantation companies in the world to embrace the RSPO. Ever since, guided by the seven principles contained, we have continuously broadened and deepened our ESG agenda.

I am especially pleased with the progress made to create circularity of resources at our estates, with almost all our waste being reused in one way or another. Empty Fruit Bunches ("EFB") are composted while palm fibres and shells are used to generate energy in milling operations. We have also set up biogas plants at our mills to capture methane from our Palm Oil Mill Effluent ("POME") and convert this into energy. On 21 September 2021, our fifth biogas plant was commissioned in Tereh POM, contributing to a 48.0% increase in total biogas production from 6,930,104m³ in 2020 to 10,253,242m³. As I write, a biomethane plant is being set up at Sedenak POM, while bio-CNG plants are being developed in Tereh POM and Sindora POM. These are expected to be commissioned between 2022 and 2023.

Currently, all the biogas produced is used internally, and as our smart farming venture grows there will be an even greater need for energy, for example to power cooling systems for certain produce. At the same time, as our energy production increases, we have plans to commercialise it as an added source of revenue. On 8 December 2021, we signed a 15-year contract with Gas Malaysia for the off-take of 350,000 mmBTU of excess biomethane from the Tereh POM and Sindora POM. This follows an earlier agreement signed on 8 October 2019 for the offtake of 250,000 mmBTU from Sedenak POM.

“SUPPORTING OUR ENTIRE ESG AGENDA, WE ARE BUILDING A ROBUST GOVERNANCE STRUCTURE, PUTTING IN PLACE VARIOUS POLICIES AND PROCEDURES TO ENSURE TRANSPARENCY IN OUR ACTIONS, UNDERPINNED BY INTEGRITY.”

We have also been employing various bio-based solutions to manage pests and the proliferation of weeds in our plantations. Through an Integrated Pest Management system, cattle are used as a natural weeding method, while barn owls help to control the rodent population. Chemicals are used only as a last resort, when biological alternatives are unavailable.

A lot of emphasis is placed on looking after the welfare of our workers, both local and foreign. We ensure their rights are respected at all times, from the moment they are hired until the end of their contracts. We also care for the well-being of their dependents, offering medical services and schools for the children, among others.

Supporting our entire ESG agenda, we are building a robust governance structure, putting in place various policies and procedures to ensure transparency in our actions, underpinned by integrity. Last year, I mentioned that we were working towards the ISO 37001:2016 Anti-Bribery Management System ("ABMS") certification. I am pleased to share that, on 4 June 2021, we achieved this accreditation.

OUTLOOK

As we prepare this Integrated Report, in mid-March 2022, COVID-19 is still very much with us. However, experts agree that the current variant, Omicron, is not as virulent as others that have preceded it, with hospitalisation and death rates well under control. This has spurred governments to reignite economies and even to reopen international borders. Most pertinently for plantations, there is reason to believe that foreign labour will be allowed into the country from the second quarter onwards. This is especially good news for us, and we look forward to having our full quota of estate hands to once again optimise our harvesting capacity.

Financially, the price of CPO continues to increase and experts expect it to remain high, averaging RM4,000 per MT for the year. This will enable us to offset the anticipated 15% to 20% increase in the price of fertilisers.

Meanwhile, we will continue with all ongoing efforts to enhance productivity and yield as we forge ahead with our transformation initiatives. Of note, we are looking to strengthen our position in the midstream and downstream through partnerships and/or acquisitions of refineries and palm kernel crushing plants. We are also exploring the possibility of partnering a dairy producer and are in the process of building a formidable sales and marketing team to support our wholesale business as we become a fully integrated agribusiness player.



Our ultimate objective is for Kulim to become a flagship company enhancing national food security. In line with JCorp's Agrofood Strategic Plan, we seek to establish a food marketplace involving smallholders, other Government-Linked Companies ("GLCs") and large private players. To fulfil this vision, we will continue to monetise our non-core and unutilised assets to fund high-value growth-based ventures.

Our entire journey will be driven by digitalisation as well as a committed, future-proof workforce who are adept with and adopt the latest data-based technologies to keep us at the cutting edge of our industry. With this workforce, our clearly defined roadmap and the strategic initiatives in place, we are set to cultivate excellence – not just in our plantations but in everything we do.

On behalf of our Management and the rest of team Kulim, I would like to extend a warm welcome to our new Chairman, Tan Sri Dr. Ismail Bakar. We look forward to working closely with him to see through our transformation journey.

Mohd Faris Adli Shukery
Managing Director

“ THE FINANCIAL YEAR ENDED FY2021 PROVED JUST HOW CRITICAL PALM OIL IS IN VARIOUS PRODUCTS AND ESPECIALLY FOODSTUFF. DESPITE THE MULTITUDE OF CHALLENGES BROUGHT ABOUT BY THE PROLONGED PANDEMIC, DEMAND FOR CPO SIMPLY INCREASED, WITH CHINA AND INDIA BEING KEY DRIVERS OF DEMAND. AT THE SAME TIME, PRODUCTION DROPPED COMPARED TO THE PREVIOUS YEAR DUE TO A CONFLUENCE OF REASONS INCLUDING AN ACUTE LABOUR SHORTAGE, INCLEMENT WEATHER, AND LOWER YIELD AS A RESULT OF A FERTILISER SHORTAGE A COUPLE OF YEARS AGO. THE OUTCOME, HOWEVER, WAS A BOON TO PLANTATION PLAYERS – WITH CPO AND PK PRICES HITTING HISTORIC HIGHS. FOR KULIM, IT MEANT NOTHING LESS THAN A TURNAROUND IN PERFORMANCE – SEEING THE GROUP ACHIEVE POSITIVE RESULTS AFTER RECORDING A LOSS IN FY2020. ”



REVENUE

RM1.65 Billion



PROFIT BEFORE TAX AND ZAKAT

RM433.81 Million

TOTAL ASSETS

RM5.96 Billion

TOTAL LIABILITIES

RM3.20 Billion



AZIAH AHMAD
Chief Financial Officer

CHIEF FINANCIAL OFFICER'S STATEMENT

CHIEF FINANCIAL OFFICER'S STATEMENT

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FINANCIAL PERFORMANCE

Kulim's financial performance in FY2021 was particularly strong, with revenue increasing by 48.56% and our bottom line turning around from a loss to a commendable profit. Although our overall FFB production decreased year on year, for reasons mentioned above, we stood to gain from the hike in Average Selling Price ("ASP") of CPO and PK by 60.66% and 77.64% respectively. This saw our revenue expand to RM1.65 billion from RM1.11 billion in FY2020.

At the same time, our other expenses decreased by 67.44% (or RM151.36 million) year on year, driven down by the following:

- RM43.47 million decrease in debtors' impairment as compared to FY2020, when we were faced with an RM40.30 million impairment related to PT Graha Sumber Berkah ("PT GSB")
- RM65.63 million decrease in impairment on SumSel's assets
- RM19.91 million reduction in provision for an ongoing litigation case as compared to FY2020

The increase in revenue, together with the decrease in expenses, led to the turnaround of our Loss Before Tax and Zakat ("LBTZ") of RM316.45 million in FY2020 to a Profit Before Tax and Zakat ("PBTZ") of RM433.81 million in FY2021.

SEGMENTAL PERFORMANCE

Plantation

Heavy rainfall and floods during the monsoon led to a lower FFB yield which, in turn, contributed to significantly lower palm product sales in FY2021. For the year, the Group's total CPO and PK deliveries stood at 295,887 MT and 75,892 MT which were 6.61% and 4.80% lower than deliveries in FY2020, at 316,840 MT and 79,717 MT, respectively.

However, the increase in CPO and PK prices – averaging RM4,422.44/MT and RM2,886.85/MT in FY2021 compared with RM2,752.75/MT and RM1,625.14/MT in FY2020 – contributed to a RM526.04 million boost in revenue from the sale of both products.

As a result of these inflated prices, our Oil Palm Plantations earned RM1.55 billion in revenue, securing its position as the Group's top revenue contributor.

Integrated Farming

Revenue from our Pineapple business decreased to RM5.02 million from RM9.8 million in FY2020 as a result of lower sales value from suckers and pineapples. The decrease in sucker sales, however, was positive as it reflected an increase in demand for our pineapples, which prompted the Group to divert a significant volume of suckers from sales to internal use, i.e. replanting. This led to sucker sales revenue of RM1.93 million, as compared to RM4.15 million in FY2020. In line with the increase in demand, domestic pineapple sales revenue increased by RM1.72 million, however was countered by a complete halt to exports which saw overall sales value reduce by 47.51% from RM5.15 million.

Along with the drop in revenue, the Pineapple business's LBTZ deepened from RM2.07 million in FY2020 to RM5.63 million while its Loss Before Interest, Taxes, Depreciation and Amortisation ("LBITDA") deepened by RM3.79 million from RM1.46 million. The latter was further exacerbated by an increase in administrative expenses during the year.



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Livestock

Cessation of Kulim Livestock Sdn Bhd operations in the middle of FY2020 contributed to a decrease in Cattle business revenue from RM2.42 million in FY2020 to RM1.63 million. However, the decline was mitigated by the increase in ASP per head earned by the Livestock segment from RM3,168 to RM3,539. Despite the decrease in revenue, our Cattle business turned its LBT of RM3.02 million into a PBT of RM0.71 million. Earnings Before Interests, Taxes, Depreciation and Amortisation ("EBITDA") also increased by RM3.70 million due to lower administrative costs and other expenses during the year.

Oil and Gas Support Services

Performance in our Oil and Gas Support Services was driven mainly by Danamin Group, which recorded a 33.70% increase in revenue to RM41.39 million from RM30.96 million in FY2020. However, the segment still incurred an LBTZ of RM2.28 million (FY2020: LBTZ of RM2.88 million) due to high cost of sales as we were required to appoint a subcontractor for a major project, which reduced our profit margin and PBT.

Intrapreneur Venture ("IV")

Our IV segment saw its revenue increase by RM5.72 million to RM32.18 million, contributed mainly by Edaran Badang Sdn Bhd ("EBSB") at RM17.71 million, followed by Extreme Edge Sdn Bhd ("EESB") at RM17.13 million. The increase in revenue, together with lower administrative expenses, led to a RM1.50 million growth in EBITDA to RM2.40 million. Administrative expenses reduced following the cessation of various businesses in year 2020, including Special Appearance Sdn Bhd and Microwell Bio Solutions Sdn Bhd. In tandem with the increase in revenue, this segment recorded a PBTZ of RM0.85 million compared to an LBTZ of RM0.81 million in FY2020.

Properties

Our Property segment recognised RM14.60 million in revenue with a gross margin of 33.56% from the sale of 106 units of terrace houses and 12 semi-D units. This contributed to a profit of RM6.13 million for the year.

Others

Our Others segment posted an LBT of RM18.93 million, marking a sharp contraction from an LBT of RM82.91 million in FY2020. This was due to inflated one-off expenses in FY2020 comprising RM40.30 million in impairment on PT GSB and loss of quoted investments on Al-Salam REIT amounting to RM1.78 million.

STRATEGY & PRIORITIES

Our shareholders are an important source of financial capital, and we seek to maintain their trust in our ability to deliver by consistently creating value for them. This has seen the Group review and reorganise our corporate structure by divesting under-performing businesses and monetising non-strategic assets. During the year itself, we managed to disposed seven dormant companies. The process will continue into 2022 and the following years as it will necessarily take time.

Another priority is to manage our working capital efficiently in order to be prepared for any eventuality given various uncertainties in our operating landscape. It is our responsibility in the Finance Department to take a prudent approach to managing the Group's capital as well as cash flow, and this will see us further consolidate our plantation assets while restructuring our financing.

Finally, the Finance function will support the Group by ensuring that critical information is available for strategic and effective decision making. This will go a long way towards enhancing our cost saving and cost optimisation capabilities while increasing our funding capacity. It will also place us on a stronger footing for future growth as we work towards our listing on Bursa Malaysia.

DIVIDEND

Given the Group's strong performance, the Board of Directors has declared a total dividend of 3,750 sen per share, consisting of:

- A first interim dividend of 2,625 sen per share paid during the year
- A second interim dividend of 250 sen per share paid during the year

A final dividend of 875 sen per share amounting to RM35 million in respect of the financial year ended FY2021 has been declared on 8 April 2022.

The total dividend marks an increase of 188.24% from the dividend per share of 1,301 sen in FY2020, and translates into a total payout of RM150 million, equivalent to 104.90% of the Group's net income.

OUTLOOK

The outlook for oil palm plantations continues to be bright as demand for CPO is set to outstrip supply in 2022. While reaping the financial benefits of such a market, Kulim will continue to place emphasis on our core values and build our resilience in order to be able to face any challenges encountered in a rapidly changing business environment.



Aziah Ahmad
Chief Financial Officer

EMBEDDING SUSTAINABILITY INTO OUR OPERATIONS

Since palm oil was first commercialised in Malaysia in 1917, the industry has fostered rapid economic growth, created job opportunities as well as boosted the country's exports trade. In the last decade or so, however, the industry has been under increasing scrutiny by international watchdogs due to the nature of our operations. At the same time, international standards have been outlined to guide sustainable and responsible operations. These include the RSPO and the International Sustainability and Carbon Certification ("ISCC"). Malaysia, being the world's second largest palm oil producer, has developed our own Malaysian Sustainable Palm Oil ("MSPO") standard.

Kulim has always demonstrated our commitment to operating sustainably. We were among the first plantation companies in the world to embrace the RSPO. We joined the RSPO in 2004 and became one of the first Malaysian plantations to certify our mills and estates in 2009. Today, all our mills are RSPO and MSPO certified, while all five of our mills have been accorded ISCC status. To further entrench our leadership as a sustainable CPO producer, we are also ensuring supply chain traceability and incorporating elements of the UN SDGs into our business practices to showcase our commitment to sustainable development both nationally and internationally.

Two key areas that drive our sustainability agenda are respecting human rights and managing our carbon emissions. These are reflected in a clear and concise commitment, as stated in our Sustainability Policy, on "No Deforestation; Protection of Peat Areas; and No Exploitation of People and Communities".

OUR KEY SUSTAINABILITY ISSUES

Based on feedback from our stakeholders, as well as Kulim's values and our business goals, we identified no less than 27 issues that are important to ensure we create ESG values. Five among the most material of these issues are listed here.

01

WE HAVE IDENTIFIED KEY SUSTAINABILITY ISSUES IN OUR INDUSTRY

Compliance

Adherence to all relevant regulations including those of the RSPO, MSPO and ISCC

02

WE ACKNOWLEDGE WHY WE SHOULD BE PART OF THE SOLUTION

Compliance

We commit to the RSPO, MSPO, ISCC as well as the following Malaysian regulations:

- Employment Act 1955
- Minimum Wages Order 2020
- Children and Young Persons (Employment) Act 1966
- Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990
- Occupational Safety and Health Act 1994
- Industrial Relations Act 1967
- Factories and Machinery Act 1967
- Environmental Quality Act 1974

03

HOW KULIM OUTCOMES ARE ALIGNED WITH UN SDGs



Human Rights and Labour Practices

Respecting universally-accepted rights of workers and upholding the principles as advocated by the International Labour Organization and Code of Conduct for Industrial Harmony developed by the Ministry of Human Resources and Malaysian Council of Employers' Organisations

Transparency and Traceability

Ensure customers and consumers are able to trace the origins of any palm oil product. This requires Kulim to ensure that all our CPO can be traced back to their original source

Carbon Emissions

Plantations are responsible for significant loss of carbon sinks (as a result of deforestation) as well as carbon emissions (from land conversion), release of methane from POME and mill operations

Occupational Safety and Health

Ensuring the safety of all our workers in our estates and mills

OUR SOLUTION

Human Rights and Labour Practices

- Provide two or three-bedroom houses to workers in estates, which are inspected weekly to ensure they are in good condition
- Provide nurseries, community halls, shops for basic necessities
- Set up clinics to care for physical health of workers and their dependents
- Provide school uniforms for workers' children
- Commitment not to coerce anyone to work for Kulim
- Commitment not to employ anyone below the age of 16

Transparency and Traceability

- CPO from Tereh, Pasir Panjang and Palong Cocoa POMs are Identity Preserved ("IP"), i.e. can be traced to their certified source
- CPO from the other two mills is sold under the Mass Balance ("MB") mechanism where CSPO is mixed with conventionally produced CPO and tracked throughout the supply chain

Carbon Emissions

- Kulim has committed to reducing our carbon footprint by 50% by 2025 from our 2012 baseline, which translates to achieving an emissions density of 0.88 MT CO₂e per MT CPO/PK
- Our five biogas plants help to siphon off 90% of our total methane emissions
- We are setting up a biomethane plant at Sedenak POM which is expected to be commissioned by third quarter of 2022
- Installation of bio-CNG at Tereh POM and Sindora POM which are expected to be commissioned in 2023

Occupational Safety and Health

- Have in place an Occupational Safety and Health ("OSH") Policy
- Each estate and mill has a dedicated OSH committee and an OSH officer



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OUR APPROACH TO VALUE CREATION

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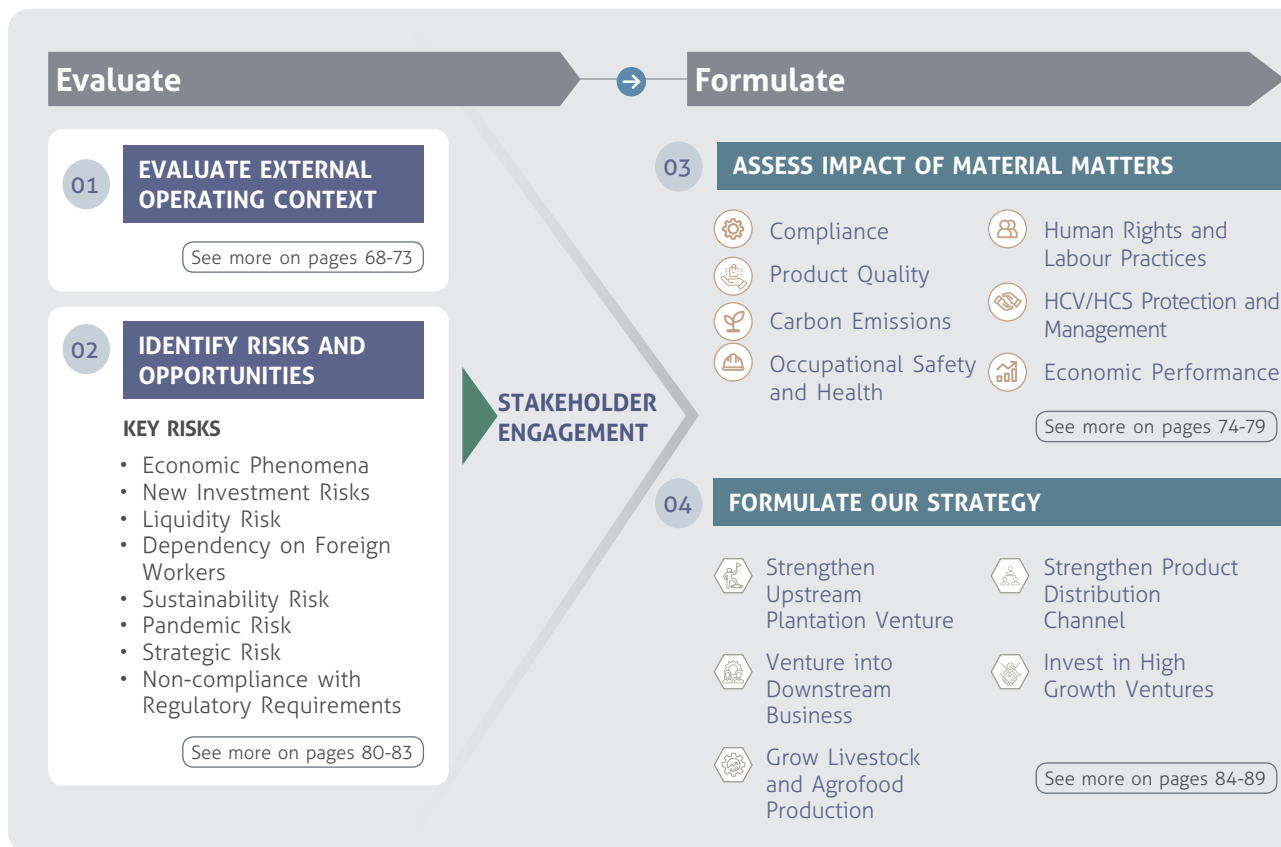
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Our value creation story illustrates our journey of creating sustained value for all our stakeholders and within that journey, various elements are considered that could impact our ability to achieve our stakeholder goals. By analysing our operating context and stakeholder needs and concerns, we identify risks and opportunities. By considering these, we have determined which matters are most important to Kulim's value creation in the short, medium and long term. We use these as points of reference to guide our strategy and to ensure we report on those matters that could have a material effect on our ability to deliver stakeholder value.



01 EVALUATE EXTERNAL OPERATING CONTEXT

We analyse our operating context and identify mega trends, risks and opportunities which have the greatest impact on our ability to create value in the short, medium and long term. These include global growth trends, commodity market volatilities and growth cycle dynamics, geopolitical tensions, competitive landscape, increasing social, regulatory and environmental requirements.

02 IDENTIFY RISKS AND OPPORTUNITIES

Our strategy is impacted by risks that could materially impact the delivery of value to our stakeholders.

We are committed to effective risk management, identifying the risks and opportunities presented by our business landscape and operations, whilst pursuing our strategic and business objectives with the ultimate aim of ensuring sustainable value creation, business continuity and growth.

STAKEHOLDER ENGAGEMENT

Frequent and proactive engagements with key stakeholders allow us to understand and be responsive to stakeholder needs and expectations; subsequently to prioritise what each stakeholder values the most.

The nature and quality of these relationships allow us to deliver sustained value to all our stakeholders and determine the continued success, growth and sustainability of our business.

03 ASSESS IMPACT OF MATERIAL MATTERS

Material matters are issues that have the potential to impact our value creation and our ability to deliver on our strategy in the short, medium and long term. These are identified through a process of analysing the macro-environment, our operating context, the resources we rely on, as well as feedback from our stakeholders.

During our materiality review, we identified seven material issues arising from our prioritised matters. These matters inform our strategy to manage the risks and maximise the opportunities that present themselves.

SOUND CORPORATE GOVERNANCE







At Kulim, governance is not simply a matter of compliance; rather it is embedded into our organisation and binds all the elements of our value creation story together. Governance is integrated into the way we think and thus the way we operate, ensuring we make choices which are aligned with our values and strategic objectives to enable long-term value creation, while being accountable for our actions.

Our Board is committed to ensuring that there is a strong and effective system of corporate governance in place to support the successful execution of the Group's strategy, as well as continue to create and protect value ensuring the sustainability of our business.

Execute → Value Creation

05 DISCIPLINED CAPITAL ALLOCATION

CAPITALS

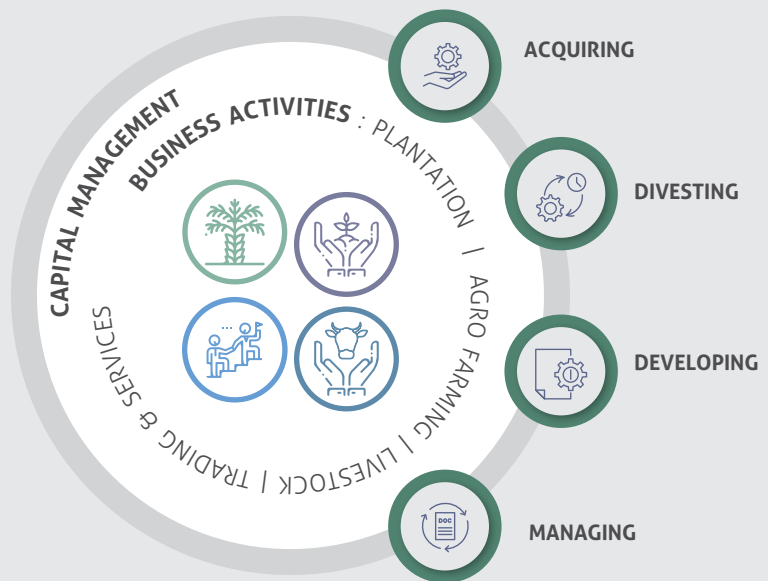
-  Financial Capital
-  Natural Capital
-  Manufactured Capital
-  Intellectual Capital
-  Human Capital
-  Social and Relationships Capital

VALUE CREATING BUSINESS MODEL

We seek to actively manage our activities and their impacts to ensure model, thereby ensuring value creation for all our stakeholders.

[See more on pages 48-49](#)

06 CREATE SUPERIOR VALUES



[See more on pages 92-121](#)

04 FORMULATE OUR STRATEGY

Our strategy is focused on creating sustainable value in the near, medium and long term. Responding to emerging market trends and the challenging business landscape, our strategies are devised to drive and strengthen our core business and ensure value creation.

Our strategic direction and execution are guided by our five strategic thrusts and two super enablers, to achieve our Vision "To Be the Most Progressive, Efficient, Profitable and Respectable Agribusiness Company in the Region".

05 DISCIPLINED CAPITAL ALLOCATION

Our ability to create long-term value is interrelated and fundamentally dependent on the forms of capital available to us, how we use them, our impact on them, the value we deliver and the trade-offs made between these capitals.

The execution of our strategy relies on the disciplined allocation of the six capitals: Financial Capital, Natural Capital, Manufactured Capital, Intellectual Capital, Human Capital, and Social and Relationships Capital. We optimally deploy our resources and align our relationships to drive growth, reinforce, resilience and deliver sustainable value for all our stakeholders.

06 CREATE SUPERIOR VALUE

The ultimate purpose of our business is to create long-term value for our shareholders and stakeholders. We track our operational outcomes through various Key Performance Indicators, which are measured against our strategies and strategic performance.

Our values are geared towards achieving our goals:

- A source of sustained growth in total returns for shareholders and stakeholders
- An employer of choice for employees
- A differentiated provider of quality products for our customers
- The preferred partner for our suppliers and business associates/partners
- A responsible community participant

OUR SIX KEY CAPITALS

KULIM
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We create value by leveraging six key capitals. Our capitals are broadly categorised into financial, natural, manufactured, intellectual, human, and social and relationship capitals. All six capitals are important to our operations and in creating a healthy balance between our ESG pillars. This process is built on a strong foundation of corporate values and principles, robust business strategies and risk management framework. The effective interplay between the capitals allows the Group to achieve values that benefit all stakeholders and may change in composition according to actions taken as we focus on different areas that are strategic to our sustainable growth.

We believe it is important for our stakeholders to understand our capitals as this helps to create greater clarity on what we do as an organisation, and the various factors that have an impact on our performance, as well as how we build on our key capitals to create added value for them.



FINANCIAL CAPITAL



Financial capital is defined by the pool of funds available for use in our operations. It is key to sustain the growth of our business as investments of this capital are needed to ensure all other capitals are used effectively for the smooth running and growth of our business activities. We are continuously implementing cost optimisation measures to grow our financial capital as well as to balance stakeholder value with sustainable growth.

Total Assets:
RM5.96 billion

Gross Gearing Ratio:
0.68 times

Total Equity:
RM2.76 billion

Dividend to Shareholders:
RM150 million



NATURAL CAPITAL



We seek to minimise our environmental footprint by reducing our consumption and waste generation through biogas, biomethane and bio-CNG. At the same time, we ensure optimal usage of precious resources to mitigate our impact on the climate and environment as much as possible. The Group has robust and effective procedures and policies in place to address these concerns.

Carbon Emissions:
418,000 MT CO₂e

Mill Water Consumption:
**1.11 m³ per
tonne FFB**

Biogas Production:
10,253,242 m³



MANUFACTURED CAPITAL



Manufactured capital are physical objects that are available to an organisation for use in the production of goods or the provision of services including equipment and infrastructure. The Group invests in manufactured capital to improve the performance of our mills, biogas plants and other equipment that are key components of our business operations. These key assets help us deliver quality products and ensure that we become the most profitable and respectable plantation company.

Total Estates:
✓ **23 (Malaysia)**
✓ **2 (Indonesia)**

Total Mills:
✓ **5 (Malaysia)**

5 Biogas Plants:
✓ **Sedenak POM**
✓ **Sindora POM**
✓ **Pasir Panjang POM**
✓ **Palong Cocoa POM**
✓ **Tereh POM**

1 R&D Centre:
Kulim Agrotech Centre (KAC)



INTELLECTUAL CAPITAL



We invest significantly in improving our intellectual capital. The investment is important for innovations to improve our efficiency. We are making headway in Research & Development as well as through collaborations to enhance the value of our agriculture operations. We also encourage innovative thought processes and approaches that have the potential to increase value to the sector. We have implemented new systems for enhanced management, operations, administration and accounting which allow us to maintain our competitive edge and deliver long-term sustainable value.

Mechanisation:

- ✓ **Introduced Mini Tractors with Scissor Lifts/Grabbers**
- ✓ **Implementation of BIN System to replace manual loading of FFB**
- ✓ **Manuring application using Verion Smart Spreader**

R&D Collaboration:

- ✓ **We collaborate with MPOB and the Malaysian Nuclear Agency on various agricultural-related areas of research**

Digital Transformation Technology:

- ✓ **Notebook Leasing Programme in order to work remotely**
- ✓ **Migrated intranet to the Microsoft Office 365**
- ✓ **Transitioning IBM Cognos to Power Business Intelligence ("BI")**
- ✓ **New integrated system called Kulim Plantation Management System ("K-Plant")**
- ✓ **Store relevant data system on our foreign workers called K-For**



HUMAN CAPITAL



Our employees are key to our success. With operations across Malaysia and Indonesia, we ensure all our employees are taken care of through various key initiatives and we constantly engage with them through meaningful programmes that look after their well-being, safety and upgrading of their skills. Without them, we would not be able to fully leverage other capitals to create value.

Upskilling Programmes:

- ✓ **Johor Corporation Leadership Programme ("JLP")**
- ✓ **Advanced Johor Corporation Leadership Programme ("AJLP")**
- ✓ **Collaboration with Johor Skills Development Centre ("PUSPATRI"), Institut Latihan Perindustrian and Institut Kemahiran Mara to conduct technical courses**
- ✓ **Cadet Planter Programme**



SOCIAL AND RELATIONSHIP CAPITAL



As a responsible corporate citizen, we contribute continuously to the communities in which we operate. We contribute through institutions and programmes for the community, children and education, people's welfare, infrastructure, culture and religion, amongst others. Areas we have helped in include disaster relief efforts, community outreach programmes and humanitarian assistance.

Contribution for Community Development:

RM19.26 million

Community Development Programmes:

- ✓ **Kulim Peduli Initiatives**
- ✓ **Johor Cerebral Palsy Johor**
- ✓ **Yayasan Johor Corporation**
- ✓ **Kulim "X" MyFundAction**
- ✓ **Tabung Bantuan Banjir JCorp**
- ✓ **COVID-19 CR Initiatives**
- ✓ **Kelab Bola Sepak Johor Darul Takzim ("JDT")**

OUR VALUE CREATING BUSINESS MODEL

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Our business model is built across our business segments which actively interact and integrate with one another, thus ensuring resources are utilised to the fullest. We actively manage our activities and their impact to ensure we enhance the positive and minimise the negative outcomes of our business model, thereby sustaining value for all stakeholders.

VISION

To be the most progressive, efficient, profitable and respectable agribusiness company in the region.

MISSION

- Committed to generate sustainable growth and profits, and to consistently enhance our stakeholders' value;
- To provide extensive professionalism and innovation to drive business forward;
- To achieve operational excellence through continuous improvement and best practices;
- Produce trusted products and services of superior value;
- To strive towards high business ethics and governance; and
- To be an exemplary corporate citizen that is responsible to the society and environment

CORPORATE VALUES



- Competitive
- Action
- Responsible
- Ethical

CAPITAL INPUTS



Financial Capital

- Total Equity = RM2.76 billion
- Total Assets = RM5.96 billion
- Cash Position = RM142.16 million



Natural Capital

- Planted Area:
 - Oil Palm
 - Malaysia = 55,796 ha
 - Indonesia = 7,362 ha



Manufactured Capital

- 23 estates (Malaysia)
- 2 estates (Indonesia)
- 5 Mills
- 5 Biogas Plants
- 1 R&D Centre

MATERIAL MATTERS

- Compliance
- Product Quality
- Carbon Emissions
- Occupational Safety and Health
- Human Rights and Labour Practices
- HCV/HCS Protection and Management
- Economic Performance

STRATEGIC THRUSTS

- Strengthen upstream plantation venture
- Venture into downstream business
- Grow livestock and Agrofood production
- Strengthen product distribution channel
- Invest in high growth ventures

KEY RISKS

CORE BUSINESS

KEY MARKET TRENDS

OUTPUTS

Financial Capital

- Sustainable and profitable growth
- Sustainable dividend over time

Natural Capital

- Reduce emissions
- Key focus and investment in the circular economy where waste is converted to renewable energy

Manufactured Capital

- Sales of certified sustainable products of high quality
- Sustainable palm oil practices
- RSPO & MSPO Certified for estates & mills

VALUE WE CREATE

- Revenue = RM1.65 billion
- Dividend = RM150 million

- Carbon emissions = 418,000 MT CO₂e
- Biogas production = 10,253,242 m³

- CPO Production = 295,747 MT
- PK Production = 75,867 MT
- FFB Production = 1,035,342 MT
- OER = 20.83%
- KER = 5.34%
- YPH = 20.11 MT/ha

Stakeholders



REVENUE
RM1.65 Billion

TOTAL ASSETS
RM5.96 Billion

RETAINED EARNINGS
RM2.85 Billion



Intellectual Capital

- Innovation and R&D capabilities
- Mechanisation initiatives
- Good agricultural practices & policies



Human Capital

- Total Employees = 7,756
- General Workers (Field Work) = 5,662



Social and Relationship Capital

- Fully RSPO certified
- Empowerment of women through Women Onwards (WOW) programme
- Collaborative partnership with customers and business partners
- Continuous engagement with communities, authorities and related stakeholders

- Economic Phenomena
- New Investment Risks
- Liquidity Risk
- Dependency on Foreign Workers
- Sustainability Risk
- Pandemic Risk
- Strategic Risk
- Non-compliance with Regulatory Requirements



PLANTATION



AGRO FARMING



LIVESTOCK



TRADING & SERVICES

Food Security and Food Supply

Supply Chain Management and Traceability

Volatility in Vegetable Oil Prices

Sustainability Concerns

Mechanisation and Digitalisation

Intellectual Capital

- Focus on R&D and efficiency
- Innovation and digitalisation
- Enhancement of mechanisation and automation

Human Capital

- Inculcate an inclusive work environment
- Healthy and viable work environment

Social and Relationship Capital

- Uplifting the economic and social condition of communities in which we operate
- Preserve the environment through conservation efforts

- Improvement in efficiencies through technological advancement
- Reduced reliance on manual labour
- BIN System coverage = 23,198 ha
- Mini Tractors Scissor Lifts/Grabbers coverage = 13,988 ha

- Staff Turnover Rate = 7.85%
- Training Cost = RM1 million
- Staff Cost (wages & benefits) = RM238.10 million

- High Conservation Value ("HCV") = 1,131.1 ha
- Conservation Area ("CA") = 276.25 ha
- RM19.26 million contribution for corporate responsibility initiatives



PBTZ
RM433.81 Million

EBITDA
RM536.94 Million

DIVIDEND
RM150 Million

PERFORMANCE BY CAPITALS

Our business model is built across our business segments which actively interact and integrate with one another, thus ensuring resources are utilised to the fullest. We actively manage our activities and their impact to ensure we enhance the positive and minimise the negative outcomes of our business model, thereby sustaining value for all stakeholders.

We continue to allocate our capital and resources efficiently to create long-term value for shareholders. This requires making trade-offs, assessing the availability and quality of capital inputs, balancing the short and long-term plans and making tough decisions. Below are the primary trade-offs we make and the rationale behind our decisions.



FINANCIAL CAPITAL

INPUTS

- RM2.83 billion in shareholders' equity
- RM142.16 million in cash and bank balances
- RM5.96 billion in total assets

OUTPUTS/OUTCOMES

Capitals	2021	2020
EBITDA/LBITDA (RM'000)	536,942	(45,279)
Current Ratio (times)	1.83	0.99
Net Assets (RM'000)	2,762,521	2,725,194

ACTIONS TO ENHANCE OUTCOMES

- Ensure robust financial capital management
- Practise stringent cost optimisation
- Heighten risk management and solidify our governance practices
- Assess various funding alternatives for our growth initiatives
- Novation for strategic financing and operational improvements
- Cost saving and cost optimisation with appropriate measures

TRADE-OFFS

Increasing our financial capital is key to sustaining growth across all other capitals, such as manufactured capital, intellectual capital and human capital. It also allows for investment in operations to promote resource efficiency, thus reducing negative impacts on other capitals.



NATURAL CAPITAL

INPUTS

- Plantation operations
 - ✓ 23 Estates (Malaysia)
 - ✓ 2 Estates (Indonesia)

OUTPUTS/OUTCOMES

Capitals	2021	2020
FFB Production (MT)	1,035,342	1,145,090
CPO Production (MT)	295,747	316,066
PK Production (MT)	75,867	79,711

ACTIONS TO ENHANCE OUTCOMES

- Continued to adopt and enhance Good Agricultural Practices and operational/manufacturing practices
- Increased mechanisation and automation of estate processes, replacing older systems with newer and more effective processes/ system e.g. mechanised buffalos with mechanised tractors, greater use of Bin System and K-Plant mobile android app

TRADE-OFFS

Addressing the impact on natural resources from our business processes requires utilisation of our financial, manufactured and human capitals. Various green initiatives are aimed at reducing our impact on the environment.



MANUFACTURED CAPITAL

INPUTS

- 5 Mills
- 5 Biogas Plants

Outputs/Outcomes

Capitals	2021	2020
Group GHG Emission (MT CO ₂ e)	418,000	483,000
Biogas Production (m ³)	10,253,242	6,930,104
Palm Kernel Shells Production (MT)	88,918	98,362
Sales of Palm Shells (MT)	19,640	20,338
Sales of Palm Fibre (MT)	10,500	13,006

ACTIONS TO ENHANCE OUTCOMES

- We utilise biogas produced for power generation and flaring
- We reduce our electricity offtake from the national grid while also moderating methane emissions from the bio-waste
- Our palm kernel shell and palm fibre are sold for use as renewable sources of energy
- We consume both renewable and non-renewable energy to generate electricity to optimise the use of renewable resources
- We offset emissions by planting oil palms and setting aside areas for conservation
- Our biogas plants use methane captured from POME to generate renewable energy, which we use to power our mills
- We invest in renewable energy through biogas, biomethane and bio-CNG

TRADE-OFFS

We fully utilise POME, a waste product of CPO that releases significantly more methane gas compared to other gases. However, the high organic content of POME carries great potential for our biogas production, a source of renewable energy used to improve plant performance and pursue our growth projects.



INTELLECTUAL CAPITAL

INPUTS

- KAC hosts five OUs – Tissue Culture, Genomic Laboratory, Plant Breeding Laboratory, Ulu Tiram Central Laboratory and R&D Management Office (Agronomy Advisory and Plant Breeding Office)
- Produce high-yielding tissue culture ramets
- Enhance mechanisation and automation

OUTPUTS/OUTCOMES

Capitals	2021	2020
Clonal Planting Material (ramets)	60,000	40,000
Ramet Survival Rate (%)	90	67
BIN System Coverage (hectares)	23,198	16,390
Mini Tractors Scissor Lifts/Grabbers Coverage (hectares)	13,988	8,350

ACTIONS TO ENHANCE OUTCOMES

- We collaborated with the MPOB and the Malaysian Nuclear Agency on various agricultural-related areas of research
- We actively invest in the best technologies to further advance our agricultural operations
- Embrace mechanisation initiatives to overcome the acute labour shortage
- Improved mechanisation on manuring/fertiliser application

TRADE-OFFS

Our intellectual capital is key in growing our business. This is important to our customers, with whom we work closely to provide innovative products as well as ensure timely and reliable supply. Investment for R&D and new technology would result in short-term reduction of our financial capital, but ultimately leads to longer-term growth.



HUMAN CAPITAL

INPUTS

- More than 7,000 employees
- 12.40% of employees are female
- RM1 million invested in employee training and development

OUTPUTS/OUTCOMES

Capitals	2021	2020
Total Employees	7,756	9,027
Employee Turnover (%)	7.85	5.11
Staff Cost (Wages & Benefits) (RM'000)	238,096	241,536
Training Cost per Employee (RM)	792	539

ACTIONS TO ENHANCE OUTCOMES

- Develop leadership capability readiness for key position as and when the need arises
- Ensure the placement of the right person with the right skills for the right job at the right time
- Continue building critical skills, source talent, and further succession planning

TRADE-OFFS

We believe the provision of competitive salary and benefits, investments in talent development, and spending on safety and health will create a productive, safe and healthy workforce. This high-quality human capital will generate value across the business, positively affecting manufactured, social and relationship, and intellectual capital.



SOCIAL AND RESPONSIBILITY

INPUTS

- Collaboration with MyFundAction (NGO) for post-flood relief in Selangor
- Improve the living conditions of underprivileged communities through Yayasan Johor Corporation
- Contributions for COVID-19 CR initiatives
- Contributions through Kulim Peduli initiatives
- Preserve environment and biodiversity

OUTPUTS/OUTCOMES

Capitals	2021	2020
Corporate Responsibility Initiatives (RM'000)	19,260	17,200
Elephant Encroachment (incidences)	36	75

ACTIONS TO ENHANCE OUTCOMES

- We launched Kulim Wildlife Defenders ("KWD") to focus on eliminating poaching at our estates
- We work closely with the Wildlife Conservation Society ("WCS") and the Johor Department of Wildlife
- We also collaborated with WCS and the Management and Ecology of Malaysian Elephants ("MEME") on human-elephant conflict research
- We made contributions to institutions and programmes for the community

TRADE-OFFS

We will continue to build community trust by integrating corporate responsibility and sustainability in all our business processes and contribute to the well-being of the communities in which we operate. Our collective efforts are aimed towards building peaceful relations with our external stakeholders.

STAKEHOLDER ENGAGEMENT

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SHAREHOLDERS

WHY WE ENGAGE

We see engaging with our shareholders as an opportunity to align our business practices with their needs and expectations in order to drive long-term sustainability and shareholder value.

ENGAGEMENT PLATFORMS (HOW)

- Group/one-on-one meetings/conference
- Operational visits
- Publication – Integrated Report
- Updates on Group's website
- Dialogues and relationship investments

FREQUENCY



VALUE PROPOSITION

- Ethics, values, and governance, advocating and embedding sustainability
- Growth opportunities across divisions, mergers and acquisitions, divestments, capital allocation, and corporate governance
- Volatility in CPO prices, demand-supply dynamics, enhancement of operational efficiency and strengthening leadership position
- Operational developments and risk or opportunities across divisions

KEY CONCERNS (WHAT)

- Responsible and ethical business practices
- Dividend payout
- Growth of company earnings
- Financial and economic performance
- Business prospects
- Regulatory compliance

RESPONSE

- Kulim will remain committed to generating sustainable returns through superior performance for our shareholders. We will continuously be looking at various strategic initiatives to deliver optimal value to our shareholders.



EMPLOYEES

WHY WE ENGAGE

Our employees are our greatest asset and key to our business success. We are steadfast in ensuring the safety and well-being of our workforce and that they are empowered to drive performance excellence.

ENGAGEMENT PLATFORMS (HOW)

- Company intranet
- Newsletter (e-bulletin)
- Dialogues/Townhall
- Annual performance appraisal
- Operational performance review
- Internal portal
- Training and development
- Special briefing
- Governance and ethics programmes
- Employee surveys
- Internal roadshows and presentations

FREQUENCY



VALUE PROPOSITION

- Published What's NEWZ every Monday (email blast)
- Regular updates on Kulim Connects (internal portal)
- Published e-bulletin, VALUES every quarterly
- Benchmarked and reviewed our salaries while initiating career and succession plans
- Initiate performance appraisal
- Assess competency training needs
- Conducted performance management clinic
- Initiated online Peers and Reserve Performance Feedback System ("PARFEED")
- Conducted C.A.R.E. programmes
- Conducted employee engagement feedback and survey

KEY CONCERNS (WHAT)

- Succession pipeline and talent strength
- Employee well-being, including implementation of safety measure to mitigate the risk of COVID-19
- Learning and development
- Workers' welfare
- Wages and overtime work
- Collective agreement & Collective Bargaining
- Awareness of integrity

RESPONSE

- We provide continuous opportunities for employees to develop themselves. We also enhance staff benefits to be more reflective of current practices and industry standards.
- We believe this will further motivate and facilitate our staff to perform their best and thrive. We motivate, upskill and provide them with a positive and rewarding work environment.

Frequency of Engagement

D Daily
 W Weekly
 Q Quarterly
 A Annually
 N As and When Necessary



BUSINESS PARTNERS

WHY WE ENGAGE

We continuously maintain efforts to build good relationships and rapport with our business partners to ensure they leverage our business portfolio.

ENGAGEMENT PLATFORMS (HOW)

- Group/one-on-one meetings
- Operational site visits
- Publication – Integrated Report
- Updates on Group's website
- Dialogues and relationship investments
- Roadshow/awareness programme

FREQUENCY

A N

VALUE PROPOSITION

- Ethics, values, and governance, advocating and embedding sustainability
- RSPO and MSPO certification, labour policies and human rights, grievance mechanism, sustainability risk and opportunity, socially responsible landbank expansion
- Growth opportunities across divisions, mergers and acquisitions, divestments, capital allocation, and corporate governance
- Operational developments, risk or opportunities across divisions

KEY CONCERNS (WHAT)

- Health, safety, and human rights
- Company performance
- Ethical business practices
- Regulatory compliance
- Awareness of integrity

RESPONSE

- Kulim conducts proactive engagements with business partners to ensure a continuous supply of high-quality, differentiated, and innovative products for a competitive market.



WORKERS

WHY WE ENGAGE

We believe our workers will contribute to our continued business growth and success. Therefore we nurture them to ensure a motivated and high-performing workforce.

ENGAGEMENT PLATFORMS (HOW)

- Group/one-on-one meetings
- Operational and official visits
- Social Impact Assessments
- Surveys
- Engagement sessions

FREQUENCY

Q A N

VALUE PROPOSITION

- Provide attractive salary and benefits
- Training and facilities are provided to Women OnWards (WOW) projects and operating units to help them to market the products during company events and festive seasons and encourage business entrepreneurship
- Awareness of economic and social achievements as well as challenges for women in future

KEY CONCERNS (WHAT)

- Workers welfare and well-being
- Exposed activity to the public
- Enhance the social environment
- Women's empowerment
- Engagement programmes for workers
- Health, safety, and human rights

RESPONSE

- Kulim conducts an annual Social Impact Assessment that looks into the welfare of our workers and local community with the view to raising their living standards.

STAKEHOLDER ENGAGEMENT

KULIM
(MALAYSIA)
BERHAD

Frequency of Engagement

D Daily **W** Weekly **Q** Quarterly **A** Annually **N** As and When Necessary



MEDIA

WHY WE ENGAGE

The media is an important communication channel that helps us convey key information to our stakeholders.

ENGAGEMENT PLATFORMS (HOW)

- Press releases
- Media announcements
- Fact sheets

FREQUENCY

Q **A** **N**

VALUE PROPOSITION

- Company image and branding
- Operational developments at Group and Division level
- Sustainability and Corporate Responsibility developments

KEY CONCERNS (WHAT)

- Business performance and growth
- Environmental management
- New innovation and technology
- Ethical business practices and regulatory compliance
- Access to timely, reliable, and transparent information
- Provide fair and balanced view of an organisation

RESPONSE

- We encourage frequent engagement sessions with the media to enhance networking and sharing of business and growth information. We also ensure a speedy response to media requests to address media interests and fulfil stakeholders' concerns.



SUPPLIERS

WHY WE ENGAGE

Our suppliers contribute critical inputs for our business chain to function effectively and efficiently.

ENGAGEMENT PLATFORMS (HOW)

- Engagement meetings
- Site visits
- Supplier contracts
- Interviews and negotiations

FREQUENCY

M **Q** **A** **N**

VALUE PROPOSITION

- Tender procedure/negotiation
- Fair opportunities and negotiation processes
- Opportunities and partnerships that assist in growing their business

KEY CONCERNS (WHAT)

- Address sustainability concerns in the supply chain
- Building a better business relationship
- Ethical business practices
- Effective communication
- Awareness of integrity
- Health, safety and human rights

RESPONSE

- Ongoing routine meetings and focus group session has helped establish effective solutions to minimise and address gaps and identify targets areas for improvement.

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Frequency of Engagement

D Daily **W** Weekly **Q** Quarterly **A** Annually **N** As and When Necessary



UNIONS

WHY WE ENGAGE

To ensure the rights and welfare of our workers are protected and provide a conducive working environment.

ENGAGEMENT PLATFORMS (HOW)

- Group/one-on-one meetings
- Conferences

FREQUENCY



VALUE PROPOSITION

- Terms and conditions of plantation staff and workers through Collective Bargaining Agreement ("CBA")
- A work environment that promotes sustainability

KEY CONCERNS (WHAT)

- Health, safety, and human rights
- Professional and personal growth opportunities in a changing business environment
- Conducive working environment
- Staff health and well-being

RESPONSE

- Our core labour standards reiterates the rights of employees to form and/or join trade unions. We maintain good relations with the union leaders and work collaboratively to sign CBA sets out policies on work-related issues.



GOVERNMENT AND REGULATORS

WHY WE ENGAGE

Government and regulators establish the legal framework for our operations, in which we must comply and cultivate an ethical and risk-aware culture that complies with regulations.

ENGAGEMENT PLATFORMS (HOW)

- Corporate responsibility initiatives
- Regular engagement and communication
- Site visit by Government agencies
- Sports and recreation activities

FREQUENCY



VALUE PROPOSITION

- Robust governance
- Sustainability, social issues, local communities, and sectoral development
- Attend discussion/meeting with local state government to discuss issues on biodiversity/sustainability
- Support of nation-building efforts and national agenda

KEY CONCERNS (WHAT)

- Regulatory compliance
- Environmental management
- Health and safety
- Ethical business practices

RESPONSE

- We comply with all relevant regulations and guidelines that protect other stakeholders' interests.

STAKEHOLDER ENGAGEMENT

Frequency of Engagement

D Daily **W** Weekly **Q** Quarterly **A** Annually **N** As and When Necessary



COMMUNITIES AND OUTGROWERS

WHY WE ENGAGE

We foster a mutually beneficial relationship and care for the society and the environment in which we operate while contributing towards the progress of our nation.

ENGAGEMENT PLATFORMS (HOW)

- Humanitarian assistance
- Disaster relief efforts
- Community outreach and development programmes
- Interview and questionnaires
- Smallholder Inclusion Programme
- Engagement with local communities

FREQUENCY

Q **A** **N**

VALUE PROPOSITION

- Response to communities affected by environmental disasters as well as the needs of vulnerable community groups through programmes
- Meetings and engagement for certification with FFB suppliers/ smallholders
- Conduct annual RSPO awareness programmes

KEY CONCERNS (WHAT)

- Monitoring over smallholders
- Provision of support elements (i.e. donations)
- Provide training and other forms of support for smallholders

RESPONSE

- Kulim's continuous effort to reach out to the local communities to maximise the positive impact of our community initiatives towards building a sustainable future for all.



CUSTOMERS

WHY WE ENGAGE

Our company's business growth depends on customers who support our products. We strive to grow this through the delivery of superior quality products.

ENGAGEMENT PLATFORMS (HOW)

- Joint venture and ad-hoc meetings
- Customer Satisfaction Survey
- Periodic briefing/visits

FREQUENCY

M **Q** **A** **N**

VALUE PROPOSITION

- Our Certified Sustainable Palm Oil (CSPO) is sold to buyers via Identity Preserves (IP)
- Mass balance and Green Palm Book and Claim traceability mechanism-ISCC Oil EU and ISCC Plus
- RSPO and MSPO Certifications
- Halal Certifications
- ISCC
- ISO 37001:2016 Anti-Bribery Management System ("ABMS")

KEY CONCERNS (WHAT)

- Meeting quality requirements and demands needs
- Sustainability concerns
- Enhanced operations
- Environmental issues
- Supply chain management and traceability

RESPONSE

- By delivering high-quality products, we will ensure customer satisfaction, ensure health and safety as well as added value to our business presence.

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Frequency of Engagement

D Daily **W** Weekly **Q** Quarterly **A** Annually **N** As and When Necessary



NGOs

WHY WE ENGAGE

NGOs have the power to influence the viability and sustainability of our business operations. Therefore, we provide opportunities to improve community well-being and livelihoods through collaboration with relevant NGOs for the benefit of all.

ENGAGEMENT PLATFORMS (HOW)

- Consistent dialogue and engagement
- Charitable contributions

FREQUENCY



VALUE PROPOSITION

- Support of social and environmental policies and corporate responsibility programmes
- Implementation of responsible business practices, compliance with local and international law
- Support charitable contributions organised by NGOs

KEY CONCERNS (WHAT)

- Biodiversity and deforestation management
- Protects human rights
- Provision of support elements (i.e. donations)

RESPONSE

- Kulim carries out community development programmes through institutions and programmes for the community, children and education, people's welfare, infrastructure, culture, and religion amongst others to help us keep abreast of socio – economic developments that can impact our environment and business.



MANAGEMENT

WHY WE ENGAGE

The Management is responsible for the oversight and overall management of the Group by providing guidance and direction with regards to sustainability, strategic planning, risk management, manpower planning, financial and operations to meet shareholders' obligations and expectations.

ENGAGEMENT PLATFORMS (HOW)

- Consistent discussion and communication
- Group/one-on-one meetings

FREQUENCY



VALUE PROPOSITION

- Design future direction of the Company
- Operation related issues that affect the performance of the Company

KEY CONCERNS (WHAT)

- Business growth and increased yields
- Prevent violations of human rights
- Improve operational efficiency, including reducing waste
- Regulatory compliance

RESPONSE

- Kulim will continue to thrive on the back of our strong management and dedicated team of employees who have contributed their knowledge, expertise and commitment to the Group.

VALUE WE CREATE FOR STAKEHOLDERS

KULIM
(MALAYSIA)
BERHAD



SHAREHOLDERS

VALUE CREATED

- Return on investment through the creation of stable and sustainable returns for shareholders via dividends

VALUE FOR KULIM

- Access to capital and to raise additional capital
- Consistently high returns enhances Kulim's credit rating and attracts more potential investors

RISKS

- For Kulim: shareholders are part owners of our business, hence can influence key corporate decisions, such as our strategies and direction
- For shareholders: face the risk of devaluation of the company should it not perform well

OPPORTUNITIES

- Engage transparently with shareholders so they fully understand and appreciate Kulim's goals and objectives
- Gain and sustain the trust and confidence of shareholders in order to promote business growth

BUSINESS INITIATIVES

- Transformation programme to enhance efficiencies
- Corporate restructuring to dispose of non-performing businesses and non-core assets for more streamlined operations
- Employ our financial resources effectively in pursuing our investment and growth plans
- Ensure strong governance and maintain a culture of integrity
- Embed ESG principles in our business

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EMPLOYEES

VALUE CREATED

- Safe work environment and focus on well-being
- Competitive remuneration, attractive benefits and potential for career progression
- Continuous learning and development opportunities
- Constant engagement between Management and employees
- Fair employment practices, inclusivity and gender equality
- Good work-life balance

VALUE FOR KULIM

- Reskilling and upskilling of employees enhances individual competencies and organisational productivity
- Engaged employees are more invested in contributing to Kulim's strategy and goals
- Diversity and inclusivity enrich corporate perspective, enhancing decision-making
- Creation of a culture that is commercially focused and innovative

RISKS

- Inability to attract and retain the best talents
- Inability to meet the expectations of employees, especially the generation just entering the workforce

OPPORTUNITIES

- Embracing technology, communication channels and change management programmes to stay ahead of the curve and increase the skills and experience of our employees in order to remain relevant
- Efficient leadership and capability development
- Efficient and sustainable management systems and work processes

BUSINESS INITIATIVES

- High-potential employees enrolled in JLP and AJLP
- Job rotation to expose employees to different business operations for enhanced skills and experience
- Robust talent management and succession planning, lending to high level of motivation
- WOW established in all business units to ensure gender equality

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BUSINESS PARTNERS

VALUE CREATED

- Continuous engagement and collaboration, to ensure understanding of each party's needs and expectations
- Opportunities for business partners to grow in tandem with Kulim
- Establishment of quality and supportive relationships
- High levels of safety and compliance, ensuring safety and well-being of our partners at all times

VALUE FOR KULIM

- Enhanced ability to Identify and explore new business opportunities
- Consistently robust performance of joint ventures
- Transfer of valuable skills and knowledge

RISKS

- Conflict of interest between business partners
- Reputational damage in the event of disagreement with partners or the partnerships dissolving for any reason
- Loss of autonomy due to shared decision-making processes

OPPORTUNITIES

- Transparency in all relevant matters to do with joint ventures with partners
- Sharing of expertise and best practices in operations
- Extension of long-term contracts and enhanced ability to secure new contracts
- Delivery of superior offerings that reflect operational and commercial excellence
- Close and collaborative relationships

BUSINESS INITIATIVES

- Collaboration with MPOB on use of its technology applications
- Collaboration with the Malaysian Nuclear Agency on research into new disease-resistant pineapple varieties
- Collaboration with the MPIB on an Agropreneur B40 programme for pineapple cultivation
- Partnership with Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP") on biomethane projects

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WORKERS

VALUE CREATED

- Provision of steady and sustainable income
- Quality accommodation and full range of basic facilities in the estates
- Continuous safety training to ensure workers are able to carry out their functions safely
- Continuous engagement to hear workers' voice

VALUE FOR KULIM

- Workers are critical to smooth and efficient estate operations
- Workers who are satisfied with work conditions are more motivated to perform
- Good relations with workers enhances Kulim's reputation and ability to attract more workers
- Safety practices ensure continued productivity

RISKS

- Inability to bring in foreign workers due to COVID-19 or any other reason
- Inability to attract local workers for jobs in estates
- Shortage of skilled labour

OPPORTUNITIES

- Liaise closely with relevant government authorities on regulations regarding foreign labour
- Maintain good relations with parties in foreign countries that supply foreign labour
- Enhance perception of estate work to attract more local labour

BUSINESS INITIATIVES

- Collaborated with the Labour Department in Peninsular Malaysia to organise job fairs to attract more local workers
- Provision of Temporary Working Pass ("PLKS") to skilled foreign workers who have been working for more than 10 years, with yearly permit renewal for up to three years
- Engaged with Konsulat Jenderal Republik Indonesia ("KJRI"), Johor Bahru to advise Indonesian workers to postpone their planned return home
- Implemented flexi Minimum Ripeness Standard ("MRS") between one to five loose fruit during peak cropping month
- Recruited Malaysian workers from nearby villages
- Offered cash incentive scheme of RM1,200 per worker to postpone their return for minimum of one year

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VALUE WE CREATE FOR STAKEHOLDERS

KULIM
(MALAYSIA)
BERHAD



MEDIA

VALUE CREATED

- Timely communication of reliable and transparent information
- Willingness of key management to engage personally with members of the media
- Informal engagement sessions and media visits to facilities to enhance media's understanding of Kulim, our strategies and objectives

VALUE FOR KULIM

- Media help to share important information on Kulim to members of the public
- They strengthen our reputation and credibility by providing a fair and balanced view of our organisation
- They amplify our efforts in stakeholder advocacy
- Through the media, Kulim is able to address various stakeholder concerns

RISKS

- We have no control over what the media report on Kulim, hence the possibility of misleading or false statements
- Media coverage and news on Kulim does not reach a sufficiently wide base of stakeholders

OPPORTUNITIES

- Frequent engagement by senior management to build relationships with key media
- Expand network of "media friends" to be able to reach target stakeholders
- Maintain open and transparent communication to increase public confidence and Kulim's reputation

BUSINESS INITIATIVES

- Issuance of media releases to keep media updated on significant corporate exercise
- Various events to engage and build media relationships

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SUPPLIERS

VALUE CREATED

- We support our suppliers by building a sound supply chain management system in order to expand their market access
- Through our ESG practices, which are shared with suppliers, we encourage them to adopt ESG principles while continuing to provide quality products and services thus enhance their market value

VALUE FOR KULIM

- By developing close relationships with our suppliers, we are able to secure the supply of essential products and services
- By influencing our suppliers, we are able to ensure the principles of sustainability are imbued along our entire supply chain

RISKS

- Supply chain disruption resulting in significant loss
- Suppliers who do not comply with the relevant regulatory and legal requirements
- Possibility of being defrauded by suppliers
- Unclear visibility of direction resulting in discord with suppliers

OPPORTUNITIES

- Ensure open and transparent communication with our suppliers
- Leverage opportunities to assist our suppliers grow their business
- Increase operational efficiency and reduce costs through centralised contract management
- Ability to outsource non-core activities and partner with strategic suppliers on key activities

BUSINESS INITIATIVES

- We established procurement and contract policy to act as guidelines for transparent dealings with all vendors

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UNIONS

VALUE CREATED

- We work collaboratively with our union leaders and support their agenda on various issues such as working conditions, wages and benefits, among others

VALUE FOR KULIM

- Through engagement with the unions, we are kept abreast of what our employees and workers feel about various important issues
- By meeting our employees and workers' needs/expectations, we continue to strengthen our reputation providing us a competitive edge

RISKS

- Unions discourage individuality as workers are bound by the decisions of union leaders
- Unions make it harder to promote or terminate workers
- Unions have the ability to create discord with employees/workers, and disrupt our operations

OPPORTUNITIES

- Develop mutually respectful relationship with our unions, and agree on mutually beneficial terms and conditions regarding workers
- Seize opportunities to engage with our union leaders on non-union related matters to build strong understanding and trust-based relationships

BUSINESS INITIATIVES

- We maintain good relations with the union leaders and work collaboratively to sign CBA which set out our policies on work-related issues such as working conditions, wages and benefits, among others

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GOVERNMENTS AND REGULATORS

VALUE CREATED

- By diversifying into Agribusiness, we are able to contribute more significantly towards national food security
- We create and offer employment opportunities for Malaysians in rural areas
- By adhering to international standards on sustainable palm oil production, we help to elevate stakeholders' perception of the industry, which is an important source of export income to the Government

VALUE FOR KULIM

- The Government facilitates the running of our business by providing infrastructure and other forms of support
- Recognising the value of palm oil, the Government has been playing its part to counter anti-palm oil lobbying and to educate the public on its many benefits

RISKS

- Any breach of relevant laws, regulations or licenses could result in reputational damage and financial loss
- Potential inability to meet sustainability requirements impacting Kulim's reputation as being RSPO and MSPO certified

OPPORTUNITIES

- Continuous monitoring of sustainability initiatives and targets to maintain RSPO and MSPO certifications
- Ensure all businesses are conducted responsibly and ethically in order to meet our ESG obligations
- Continuous review of our regulatory policies and guidelines to keep risks in check and assure sound business operations

BUSINESS INITIATIVES

- Compliance with all relevant regulations such as Companies Act, RSPO and MSPO
- Tax payment in all jurisdictions where we conduct business
- Collaboration with government agencies such as MPOB, MPIB, MARDI, Jabatan Kemajuan Islam Malaysia, Malaysian Nuclear Agency

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VALUE WE CREATE FOR STAKEHOLDERS

KULIM
(MALAYSIA)
BERHAD



COMMUNITIES AND OUTGROWERS

VALUE CREATED

- Enhance outgrowers' income by purchasing their FFB
- Improve rural livelihoods through job opportunities, proactive community investments (road repairs, landfilling, etc)
- Provision of financial, educational as well as medical assistance

VALUE FOR KULIM

- By nurturing robust and resilient communities surrounding our estates, we ensure the sustainability of our business in the long term
- Enhance the image and reputation of the Company

RISKS

- Difficulty in reaching out to certain communities in remote areas

OPPORTUNITIES

- Community engagement to understand the needs and expectations of local communities
- Initiation and participation in outreach programmes to integrate more fully in local communities
- Resolution of issues and concerns raised by local communities

BUSINESS INITIATIVES

- Community engagement to understand the needs and expectations of local communities
- Initiation and participation in outreach programmes to integrate more fully in local communities
- Resolution of issues and concerns raised by local communities

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CUSTOMERS

VALUE CREATED

- We strive continuously to offer products and services that exceed our customers' expectations
- We engage with our customers and seek to create open relationships for better two-way understanding
- Creation of sustainable and collaborative business relationships

VALUE FOR KULIM

- Constructive feedback from customers enables us to add further value to our products and services
- Customers who are satisfied with our products/service will extend their contracts
- Enhanced market reputation

RISKS

- Should customers be dissatisfied with Kulim and terminate their contracts, it would negatively impact our revenue
- Inability to meet customers' expectations would impact Kulim's reputation

OPPORTUNITIES

- Collaboration with customers to explore global business opportunities
- Transparent dialogue with customers ensures continuous improvement to meet their expectations

BUSINESS INITIATIVES

- Delivery of the right product in the right quantity at the right time
- Collaboration with strategic partners to develop product applications and solutions of the highest quality
- Feedback-gathering for further improvement

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NGOs

VALUE CREATED

- We engage with and provide funds to NGOs on a variety of programmes, thus contributing towards the achievement of their purpose
- Activities conducted with NGOs gain public exposure and enable the NGOs to further spread their ESG messages

VALUE FOR KULIM

- Kulim is able to continuously enhance our social and environmental performance and find new opportunities through partnerships with NGOs
- Enhanced reputation as an organisation that takes ESG matters seriously

RISKS

- Possible misunderstanding or other obstacles can prevent partnerships with NGOs from reaching their full potential

OPPORTUNITIES

- Possibility of entering into business partnership with NGOs
- Leverage NGOs' skills and resources to enhance Kulim's core business
- NGOs provides in-kind support to meet our social and environmental objectives

BUSINESS INITIATIVES

- Kulim has in place sustainability policies and procedures that support social and environmental imperatives
- Maintenance of RSPO and MSPO certifications
- Compliance with local and international law

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ADDRESSING STAKEHOLDER NEEDS



As a responsible organisation, Kulim has always taken it upon ourselves to understand and meet our stakeholders' needs. This has taken on greater importance since the pandemic, which has not only disrupted business operations but placed further onus on organisations to ensure the safety and well-being of employees, business partners and suppliers among others. To meet our various obligations, we have had to find the right balance between fulfilling our financial and social responsibilities. Below, we indicate key actions taken towards this end.

EMPLOYEES

Through various safety measures, Kulim managed to control the incidence of COVID-19 at our estates and corporate offices. Some of our key Initiatives included:

In Corporate Office

- Adherence to all Ministry of Health Standard Operating Procedures ("SOPs")
- Regular disinfection of offices and stores
- Swab tests and regular disinfection
- Body temperature checks of everyone entering premises
- Provision of hand sanitisers and face masks to employees
- Extension of financial assistance and moral support to infected employees

In Estates

- Roll call exercise conducted with minimum one-metre social distancing
- Management briefings held to create awareness of ways to prevent virus transmission
- Body temperature checks of everyone entering premises
- Tightened control over movement out of estates to minimise the potential of workers being exposed to COVID-19
- Vaccination programmes for employees and dependents, achieving a double vaccination rate of 99% as at year end in Malaysia, and 44% in Indonesia
- Provision of hand sanitisers and face masks to workers
- Bore the cost of quarantine and wages of infected employees
- Collaborated with Yayasan Johor Corporation to donate RM40,000 in cash and daily necessities to staff in Mungka Estate, Segamat, Johor who were affected by the floods at end 2021/early 2022

SUPPLIERS/SMALLHOLDERS

- Supported smallholders through the continued purchase of FFB
- Provided COVID-19 information and advice on how to stay safe
- Ensured all SOPs were maintained in our estates to keep suppliers and smallholders safe

SHAREHOLDERS

- Board approved a total dividend payout of RM150 million, triple that of RM52 million in 2020, based on RM433.81 million profit before tax and zakat
- High level of financial and non-financial disclosure as reflected in Integrated Report 2020 winning the Silver in the NACRA 2021 for the Best Annual Report in the Non-Listed Organisations category

CUSTOMERS

- Shifted sales activities and customer engagement online
- Met our commitments to customers by maintaining productivity in our estates despite the challenges
- JTP Trading leveraged social media platforms for marketing of its products and services as well as popular e-commerce platforms such as Shopee and Lazada for sales; and Grab Food and Food Panda for last-mile delivery

COMMUNITIES

- Contributed to Hospital Sultanah Aminah Johor Bahru, the Government COVID-19 Fund, frontliners, hemodialysis patients undergoing Home Surveillance Order for COVID-19 and NGOs, among others
- Under Kulim Peduli initiatives distributed food baskets to 11 madrasahs and orphanages around Ulu Tiram and Kota Tinggi, benefitting around 500 recipients
- Collaborated with Yayasan Johor Corporation to distribute RM88,800 worth of Eonsave vouchers to 888 families in six districts in Johor under a COVID-19 Relief Programme. At the same time, Kulim offered employment opportunities to fill 500 vacancies in its estates and mills
- Partnered MyFundAction (NGO) to provide flood relief to over 810 families in Banting and Dengkil, Selangor in January 2022

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OPERATING LANDSCAPE

KULIM
(MALAYSIA)
BERHAD

ECONOMIC AND INDUSTRY – REVIEW AND OUTLOOK

MARKET REVIEW AND OUTLOOK

The year 2021 was a boon to oil palm players given historic-high prices of both CPO and PK, driven by increasing demand for the commodities coupled with stunted supply. The price of palm oil hit an all-time high of USD1,213.85 a tonne in October 2021, while the average price in Malaysia surged by 64.1% to RM4,407.00 per tonne, the highest in palm oil history, from RM2,685.50 per tonne in 2020¹.

CPO Demand

Demand for palm oil was driven by the world's two biggest importing countries – India and China. India has once again started to import palm oil to meet the needs of its hotel and F&B sectors which have been picking up since the reopening of borders and increased tourism. In order to supplement domestic production, which proved insufficient, the Government cut import duties on the commodity multiple times while lifting import restrictions on RBD palm olein. Refinitiv Agricultural Research estimates that the country will import 8.6 million tonnes of CPO in 2021/2022.

Meanwhile, demand for CPO in China has been forecast to increase to 7.2 million tonnes in 2021/2022. This is driven both by an improving economy as well as reduced soybean oil production. The latter is linked directly with the need for soymeal used as swine feed. Because the swine population has decreased, there has been less soybean crushing for the meal, hence also lower soybean oil production.

According to Refinitiv Agricultural Research, global palm oil demand for 2021/2022 is likely to reach 50.6 million tonnes, up 6.5% from the previous season.

Malaysia Import

2021
8.6 Million Tonnes

Global Demand

2021
50.6 Million Tonnes

Source: Refinitiv Agricultural Research

CPO Supply

There have been structural changes in the supply of CPO over the last few years as a result of various circumstances impacting Indonesia and Malaysia – which together satisfy about 85% of the world's CPO needs. Key among these include a slowdown in replanting since 2015 contributing to an ageing palm tree profile; and limited availability of land for the expansion of existing plantations or for the establishment of new ones.

Other negative factors include inclement weather – specifically La Nina, which causes heavy rains and floods – as well as decreased application of fertilisers in 2018/2019. In Malaysia, the situation has been further exacerbated by a shortage of labour resulting from border closures since the pandemic. Given that about 75% of some 500,000 harvesters traditionally employed by Malaysian palm oil plantation owners are foreigners, the impact during harvesting was particularly pronounced.

These factors together saw CPO production decrease by 5.4% in 2021 to 18.12 million tonnes as compared to 19.14 million tonnes in 2020.

For the year 2021, the Indonesian Palm Oil Association (GAPKI) revised its national palm oil output forecast to 46.6 million tonnes, down 0.9% from 2020. The MPOB, meanwhile, estimated that palm oil output in the country would drop to 18.3 million tonnes from 19.2 million tonnes in 2020. Along with reduced output, palm oil ending stocks are expected to stay below the average of 4.0 million tonnes in Indonesia and 2.1 million tonnes in Malaysia.

CPO Production

2021
18.12 Million Tonnes
2020: 19.14 Million Tonnes
(▼ 5.4%)

¹ <https://www.nst.com.my/business/2022/01/762620/domestic-palm-oil-industry-set-accelerate-year-after-impressive-2021>

OUTLOOK

The price outlook for CPO in 2022 continues to look bright as production is not likely to catch up with demand.

In Malaysia, the most positive development for estate operations is the ability to once again bring in foreign labour. As of 1 April 2022, national borders have been opened to international travellers. Prior to this, an agreement was signed between the Malaysian and Bangladeshi Governments opening the door to workers from Bangladesh.

However, various other challenges remain, including:



Although both Indonesia and Malaysia have embarked on intense replanting programmes, it takes a few years before young palms reach their prime, hence the results will take time to materialise.

Concurrently, the increase in price of fertilisers and pesticides is likely to persist due to supply chain disruptions and hike in cost of raw materials. The price of nitrogen and phosphate-based fertilisers has increased by 50%-80% since mid-2021, while glyphosate and glufosinate herbicide prices have more than doubled. For the year 2021, pesticides import stood at only 60% to 65% of the usual annual requirement, and the figure could further decrease as the logistics bottleneck is unlikely to ease anytime soon, resulting in a prolonged decrease in production. Indonesian plantations will not, however, be affected as much as their Malaysian counterparts as the country produces sufficient urea to meet domestic fertiliser needs.

Conversely, production in Indonesia is likely to suffer from the twin blows of La Nina, followed by drought. This has prompted LMC International to predict flattish palm oil production growth in the country in 2022.



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FOOD SECURITY AND FOOD SUPPLY



Globally, palm oil is the most widely used vegetable oil, making up 34% of total vegetable oil consumption. Demand for palm oil is driven by the fact that it is the cheapest of all vegetable oils. This, in turn, is due to oil palms being the most productive oil-bearing plant species – with a yield per unit area that is five to 10 times higher than rapeseed and soybean oil, respectively.¹ Global vegetable oil consumption is expected to grow at a compound annual growth rate (CAGR) of 2.9% from 2017 to 2030, with overall demand driven by population growth, urbanisation and increasing incomes.



SUPPLY CHAIN MANAGEMENT AND TRACEABILITY



Because of increasing awareness of sustainability issues concerning palm oil production, more and more purchasers – namely manufacturers of foodstuff, personal care items, and even biodiesel – and end users (ie consumers) want to know that the palm oil that goes into the items being made/consumed was produced responsibly. This has led to the requirement for palm oil mills to be able to certify that all its CPO comes from known plantations which have been certified to adhere to sustainable practices.



VOLATILITY IN VEGETABLE OIL PRICES



The price of vegetable oils depends on various factors that impact both supply and demand for each type of oil. Some 85% of the world's palm oil is produced by two nations in Southeast Asia, namely Indonesia and Malaysia; while soybean oil, which represents the next most-used edible oil, is produced predominantly in China, the US, Argentina and Brazil; followed by rapeseed oil, produced primarily in Canada, the European Union and China. The drought in Canada and South America in 2021 significantly reduced rapeseed and soybean supplies. At the same time, there was a decline in South America soybean production and uncertainty regarding export prospects for sunflower products out of the Black Sea region.

Potential impact	Kulim's Response	Outlook
Dependence on imports not only increases the cost of food, but also subjects the population to instabilities in the supply chain, as has been experienced during the pandemic. Another consequence of not having food security is malnutrition, with the Global Nutrition Report 2016 stating that about 20.7% of Malaysian children under five years are stunted — an increase from 17.2% in 2006.	<ul style="list-style-type: none"> • We aim to become a flagship company enhancing national food security by diversifying from palm oil to agro farming and livestock • We currently grow coconuts, pineapples and durian and have embarked on intensive farming of cucumber and luffa • We also have 7,491 heads of cattle and 220 heads of sheep, and are exploring the possibility of venturing into dairy production • In line with JCorp's Agrofood Strategic Plan, we seek to establish a food hub to help the country become self-sufficient in food production 	Strengthening the National Food Supply Programme, the Government has outlined a National Food Security Policy (2021-2025) which will focus on enhancing the availability, access, consumption and stability and sustainability of domestic food production. The Government also plans to increase the agro-food sector's contribution to Gross Domestic Product from 2.3% in 2020 to 5% by 2030.
Palm oil traceability provides manufacturers and consumers the assurance that the palm oil in the products they are manufacturing/consuming has been produced responsibly. To ensure traceability, CPO producers must be able to trace the sources of all their output in order to maintain sales in markets such as the European Union, where consumers, retailers and manufacturers are demanding it.	<ul style="list-style-type: none"> • Kulim adopts sustainable practices, with all our estates and mills being RSPO certified, and all our mills additionally bearing the ISCC stamp of approval • We subscribe to the RSPO traceability system, known as RSPO Palm Trace • We encourage our outgrowers to be RSPO certified and provide technical expertise towards this end 	We aim to achieve 100% traceability of all our CPO by the year 2023, and are incentivising our outgrowers to be RSPO certified by offering a premium on their certified FFB. To date, three of our 30 outgrowers have been certified while another 27 are working towards it. Our target is for all of our outgrowers to be certified by 2025.
Soybean oil supply constraints led to its price trading 68.0% higher at USD1,939/tonne in 2021 compared to USD829/tonne in 2020, while the Euronext rapeseed price reached a record high of EUR758/tonne on 7 January 2022. As palm oil competes in the same global vegetable oils market, the increase in price of these competitor oils shored up the price of palm oil too.	<ul style="list-style-type: none"> • As demand shifted to palm oil, we strengthened and optimised our supply chain network to ensure seamless connectivity and prompt response to customer needs • We have also identified ways to leverage the best prices in different markets in order to increase our own CPO sales price 	Prices are expected to remain volatile in the short term due to heightened geopolitical uncertainties caused by the Russia-Ukraine conflict. In the longer term, vegetable oil prices will continue to fluctuate according to changes in global supply-demand dynamics, tariff structures in major consuming countries, biodiesel mandates and CPO inventory levels in Indonesia and Malaysia.

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SUSTAINABILITY CONCERNS



Oil palm plantations are under increasing scrutiny by environmentalists and human rights organisations because of the nature of our operations. Clearing large tracts of land depletes carbon sinks (namely forests) while also leading to loss of natural habitats for many animals including elephants, tigers and orang utan. Development on peat, meanwhile, releases huge amounts of carbon that is trapped in these ecosystems, contributing to climate change. Social issues related to plantations include loss of customary land of indigenous people as well as human rights abuse through bonded labour, among others.



MECHANISATION AND DIGITALISATION



The Industrial Revolution 4.0 that is sweeping across the globe has not bypassed the agricultural industry. Although seen as one of the more traditional sectors, for many years now plantations have recognised the immense advantages of mechanisation and have been adopting increasingly advanced technologies to increase efficiencies, and especially in-field crop evacuation operations. Along with the emergence of artificial intelligence, internet of things and data analysis, they are implementing systems and processes to gather data and use it to improve almost every aspect of plantation management. The result is precision agriculture, which is rapidly changing the face of the industry.

Potential impact	Kulim's Response	Outlook
As a result of intense lobbying by regulators, environmentalists and NGOs, plantation companies are required to demonstrate a commitment to operating in a manner that is environmentally and socially responsible. Those that do not, face the possibility of having their products being sidelined or boycotted by the market.	<ul style="list-style-type: none"> Kulim adheres to the principles of RSPO, MSPO and ISCC We have identified 1,131.1 ha in our estates as HCV land, which we will protect and preserve We are reducing our carbon emissions through the development of a circular economy by repurposing as much bio-waste as possible in our mills and estates 	As people around the world become more aware of sustainability issues, pressure on plantation players to operate responsibly will only increase. Indeed, stakeholders are already expecting plantation players not only to be responsible in themselves, but to ensure responsible practices along their entire value chain. This means working closely with all suppliers and partners to ensure they adhere to the same environmental, social and governance principles to create value for everyone.
With mechanisation and digitalisation, plantations will be able to reduce their need for unskilled labour. This has huge implications for players in Malaysia which have traditionally relied on foreign labour. While reducing overall manpower needs, the industry will require more semiskilled workers who are adept with mechanical and digital technologies and are able to use them for optimum outcomes.	<ul style="list-style-type: none"> Kulim has continued to mechanise an increasing number of functions in our estates, which results in our total mechanised area of 60.03% Introduced Mechanical Buffalo with Mini Tractors Scissor Lifts/Grabbers as a new method of In-Field Evacuation Kulim has upgraded our descriptive analytics tools or Business Intelligence from IBM Cognos to more interactive and user-friendly Power BI solution by Microsoft Kulim have also completed a system to store relevant data on our foreign workers, called K-For. We have migrated our handheld IDEAS harvesting application into a comprehensive K-Plant mobile android app. 	The pace at which new technologies are being developed is increasing by the day. It is to plantations' benefit to stay up to date by continuously reinventing their plantations with the adoption of the latest and most efficient systems and processes.

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In outlining our strategy, we take into consideration various ESG factors that impact our performance, now and in the future. We seek to understand what our material matters are in order to better define our strategies and develop plans that focus on our most important issues. Knowledge of our material matters would also enable us to allocate our resources more effectively in order to manage any potential impact on our performance and reputation.

MATERIAL MATTERS IDENTIFICATION PROCESS:

1



Identification

Identifying the matters that are material to Kulim's businesses, from both the Group as well as the stakeholders' perspective. For this cycle of reporting, a total of 27 material matters were identified by the key personnel involved in driving Kulim's ESG agenda.

2



Prioritisation

By assessing and ranking the material matters according to their importance to the business and to Kulim's stakeholders, we were able to identify seven matters that are critical. We have described why these matters are material and the approach undertaken by Kulim to manage them.

3

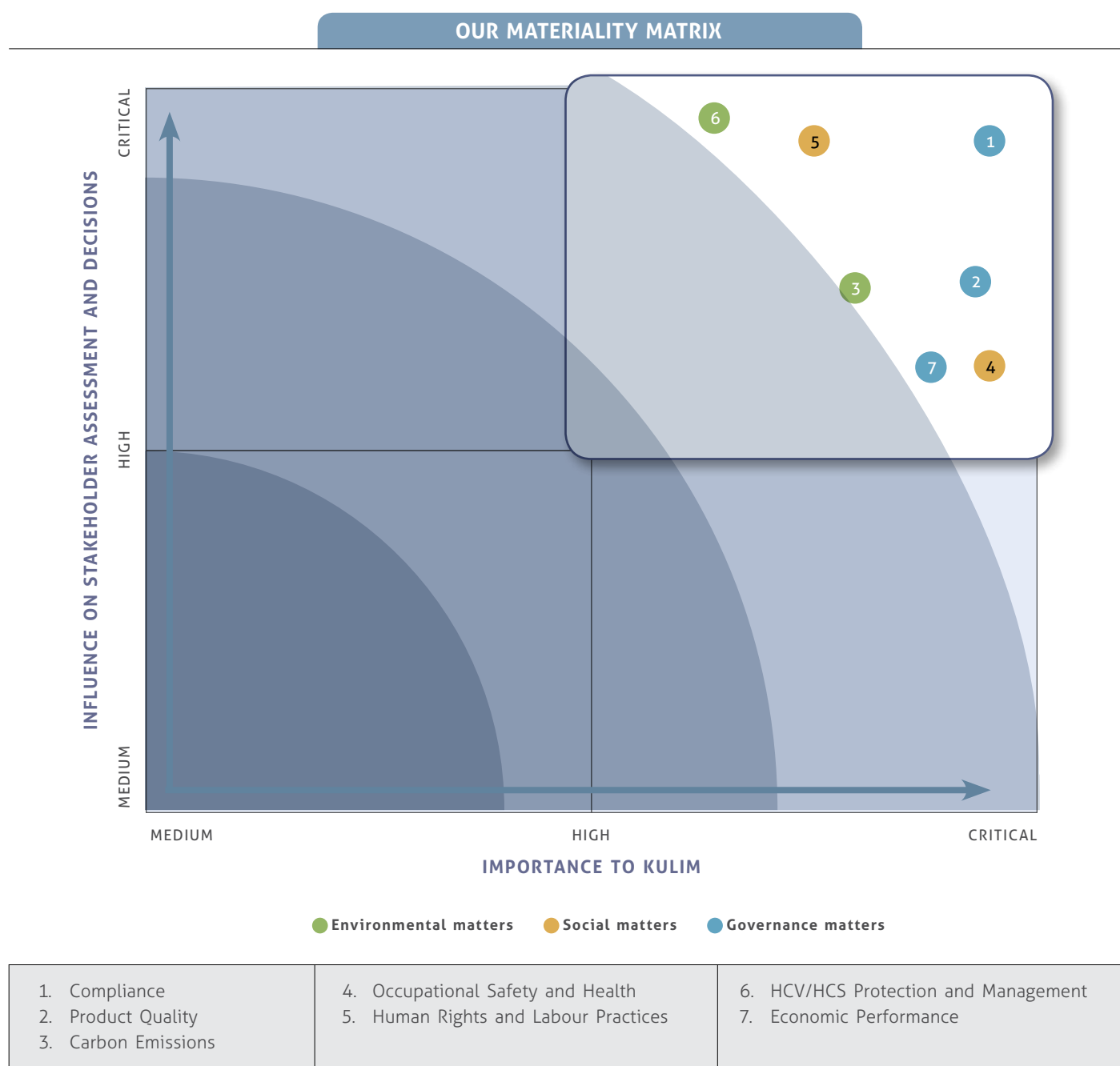


Validation

Seeking the approval of Senior Management to ensure the prioritisation of the material matters captured Kulim's efforts and approach to strengthen its sustainability performance.

Material matters have the most impact on our ability to create long-term value. These matters influence how the Board and Senior Management steer Kulim.

Material environmental and social matters are denoted with the colours ● and ● respectively, and are further discussed in the Sustainability Statement on pages 190 to 205. Governance matters are denoted with the colour ● and are further discussed in the Sustainability Statement on pages 206 to 209.



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01



COMPLIANCE



WHY IT IS MATERIAL

- Compliance covers different aspects of environmental and socio-economic management
- Complying with the national laws and regulations on matters regarding environmental quality, employment, human rights, safety and health, and RSPO/MSPO compliance
- These matters are intrinsic to our operations since non-compliance can lead to our reputation being harmed and have a negative impact on our stakeholders

RELATED MATERIAL MATTERS

- Occupational Safety and Health ("OSH")
- Human Rights and Labour Practices
- Corporate Governance and Policies
- Effluents and Waste
- Responsible Chemical Use
- RSPO and MSPO Compliance
- Environmental Quality Regulations

OUR RESPONSE

- We have internal targets and performance indicators to monitor our effectiveness and continuity in meeting internal benchmarks
- The KPIs are set for occupational safety and health, renewable energy, product emissions, use of herbicide, water consumption and agricultural productivity
- The regular audits, survey and site visits conducted by RSPO certification bodies help to identify our strengths and areas for improvement
- Ensuring compliance with the principles and criteria of RSPO
- Adhere to the applicable laws and regulations

02



PRODUCT QUALITY



WHY IT IS MATERIAL

- Our market presence and overall economic performance heavily relies on the marketability of our oil palm products
- High quality products will ensure customer satisfaction, protecting their safety and health as well as adding value to our business presence

RELATED MATERIAL MATTERS

- Customer Satisfaction
- Economic Performance
- Market Presence

OUR RESPONSE

- Implementation of our Quality Policy in 2008 and obtain certifications through Halal, RSPO and MSPO compliance
- The policy outlines expectations for the Group's estates and mills based on the high standards of regulators, stakeholders and our customers

03



CARBON EMISSIONS



WHY IT IS MATERIAL

- The palm oil industry previously held a notorious reputation of contributing to carbon emissions due to its heavy land clearing and fertiliser application activities
- Globally, efforts are undertaken to reduce anthropogenic contribution to climate change through pledges to reduce emissions that would raise the earth's temperature

RELATED MATERIAL MATTERS

- Compliance
- Supply Chain Management
- Energy Usage

OUR RESPONSE

- We practice management methods prescribed by RSPO that includes the utilisation of the PalmGHG V4 calculator to identify the Group's gross carbon emissions on an annual basis
- We publish a Carbon Footprint Report biennially, disclosing our performance and initiatives towards reducing emissions
- Five biogas plants have already been installed and in operation to reduce our dependency on non-renewable energy
- Invest in renewable energy through biogas, biomethane and bio-CNG

04



OCCUPATIONAL SAFETY AND HEALTH



WHY IT IS MATERIAL

- We are committed to protecting the health and well-being of our workers especially in the high-risk plantation operations

RELATED MATERIAL MATTERS

- Compliance
- Human Rights and Labour Practices
- Responsible Chemical Use

OUR RESPONSE

- We continuously train and brief our employees on aspects of safety and health
- Strict supervision, continuous improvement of processes are salient in our approach towards managing high Occupational Safety and Health Standards
- We have set KPIs to ensure we cultivate the safety culture amongst our employees

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05



HUMAN RIGHTS AND LABOUR PRACTICES



WHY IT IS MATERIAL

- Plantation operations are susceptible to human rights violations and unfair labour practices therefore we recognise our responsibility to protect the rights of our employees

RELATED MATERIAL MATTERS

- Compliance
- Workers' Union
- Grievance Mechanism
- Diversity and Equal Opportunity
- Supply Chain Management

OUR RESPONSE

- Adhering strictly to International Child Labour laws and not sanctioning the employment of labour below the age of 16 years throughout our operations
- Complying with the Employment Act 1955, Minimum Wages Order 2020, Children and Young Persons (Employment) Act 1966, Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990, Occupational Safety and Health Act 1994, Industrial Relations Act 1967, and Factories and Machinery Act 1967
- Our Core Labour Standards reiterates the rights of employees to form and/or join trade unions
- We maintain good relations with the union leaders and work collaboratively to sign CBA which set out our policies on work-related issues

06



HCV/HCS PROTECTION AND MANAGEMENT



WHY IT IS MATERIAL

- The conversion of forests into plantation estates can lead to the loss of critical habitats for endangered flora and fauna species
- Several of our palm oil production sites are located near or border forested areas with notably HCV, High Carbon Stock ("HCS") and rich biodiversity

RELATED MATERIAL MATTERS

- Compliance
- Supply Chain Management

OUR RESPONSE

- Our conservation efforts include the allocation of HCV and buffer zones within our operating boundaries
- Prohibition of planting on peat areas and setting a long-term HCV coverage area are the approach towards preserving wildlife biodiversity
- We formulated mitigation measures that include monitoring activities and hunting prohibition in our plantations



ECONOMIC PERFORMANCE



WHY IT IS MATERIAL

- Dry and erratic weather exacerbated by El Nino's scorching heat and suppressed rainfall can lead to reduce flowering and fruit production
- These externalities that impact our economic performance are not within our control
- We are required to maximise profits from the areas we operate yet our land resources are limited

RELATED MATERIAL MATTERS

- Agricultural Productivity
- Supply Chain Management
- Product Quality
- Customer Satisfaction

OUR RESPONSE

- Kulim earned RM1.65 billion in revenue in 2021, an increase of 48.65% over the preceding year's RM1.11 billion
- Our marketing approach enabled us to realise an average CPO selling price of RM4,422 per MT, which was RM21 per MT higher than the MPOB average of RM4,401 per MT
- Financial and risk management approaches are used to ensure the organisation is prepared for contingencies despite the changing circumstances
- The 30:30 production charter is our production benchmark of average yields of 30 tonnes of FFB per hectare at an extraction rate of 30% of palm products per tonne of FFB.
- Implementation of five-year corporate strategy based on five strategic thrusts and two super enablers

KEY RISKS AND MITIGATION

INTRODUCTION

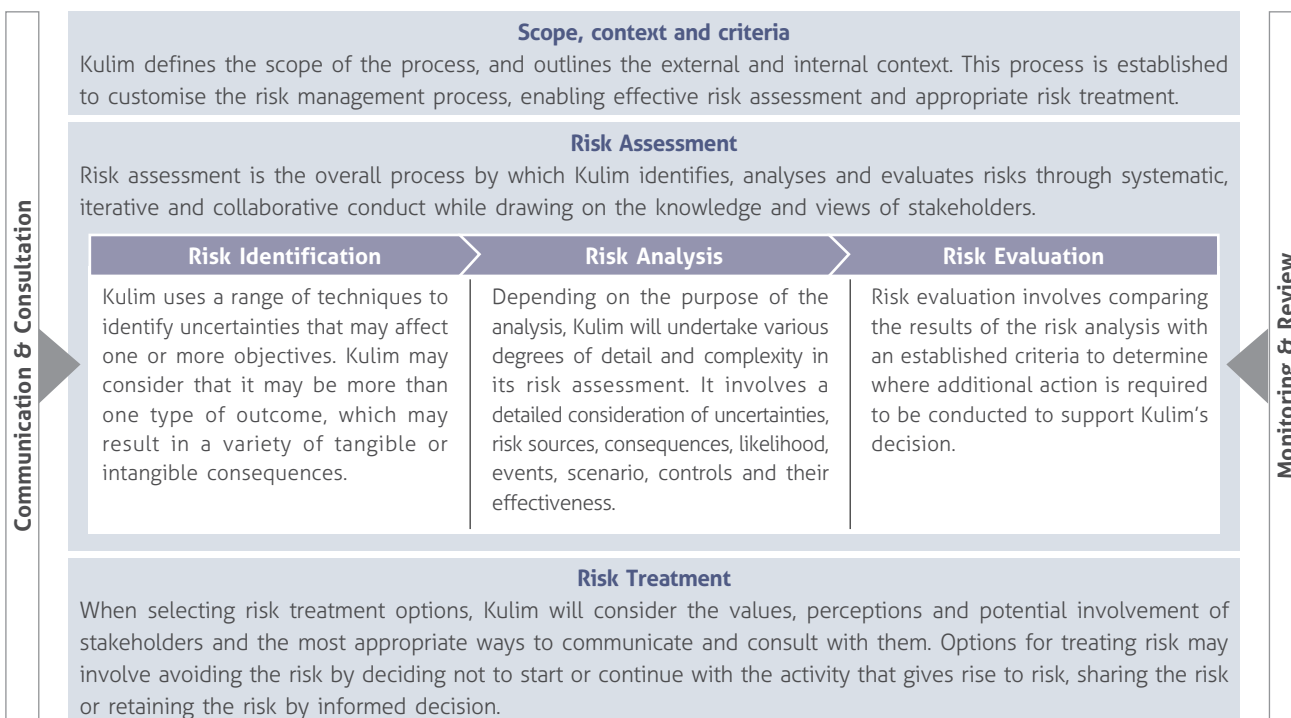
In ensuring our Group achieves its objectives, sustains the businesses and continues to add value to the stakeholders in the short, medium and long term, our risk management process and approach is tailored to the Group's structure and its constantly changing environment to ensure that our Group can continuously monitor and review its risks and the effectiveness of its risk management over time. Based on the results of monitoring and reviews, decisions are made on how the risk management programme can be improved. These decisions should lead to improvements in our management of risks and enhancement of our risk management culture.

A separate risk management function also exists within our Group's listed subsidiary with the establishment of its own RMC to assess and evaluate the risk management process of the company on a periodic basis.

In essence, the management of risks is treated as an interactive process. A key benefit of effective risk management is the creation of awareness of risks among employees of different departments and business units.

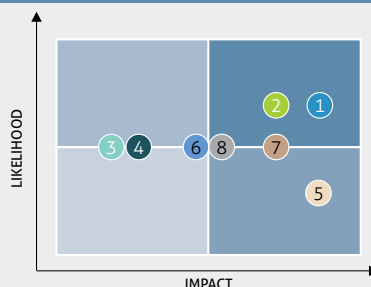
Our risk management process is consistent with the ISO 31000 Risk Management Standard.

RISK MANAGEMENT PROCESS





Recording & Reporting

Residual
Risk Rating



Strategic Review: Key Risks and Mitigation

The identification of our significant risks during the year took into consideration internally and externally driven factors. The following represents our Group's key risks. Without effective management, these risks may create a significant or material adverse impacts on the Group as well as impede the achievement of established objectives and affect the Group's ability to create value.

KEY RISKS		RISK DESCRIPTION	MITIGATION ACTIONS
1.  	An adverse impact of economy-wide phenomena towards business performance	Inflation, price levels, rate of economic growth, national income, Gross Domestic Product ("GDP"), and changes in unemployment	<ul style="list-style-type: none"> • Market intelligence and being up-to-date on market conditions • Hedging through a mix of spot and forward contract sales • Creation of new revenue stream • Enhancing productivity and efficiency through innovative solutions • Cost optimisation initiatives and prudent CAPEX and OPEX management • Improving market opportunities by maintaining RSPO, MSPO, ISCC certifications • Constant monitoring of CPO and PK prices
	New Investment Risks in respect of the industry, laws and regulations, politics, country and local risks	Various internal and external factors can converge to create investment risk, which will either lower the return from the investment or lead it to fail	<ul style="list-style-type: none"> • Continuously explore and secure new opportunities with innovative solutions • Comprehensive due-diligence exercise and feasibility study for each new investment • Putting in place workable internal control and monitoring framework including corporate and systems infrastructure • Revisiting and strengthening the strategy to ensure the success of the investment • Proactive engagement with business partners and local stakeholders • Empowering the Board Investment Committee to review the significant matters relating to existing and potential investments
	Liquidity Risk on existing and future funding requirements in meeting its financial obligations	<p>Liquidity is the ability of a firm, company, or even an individual to pay its debts without suffering catastrophic losses</p> <p>A healthy liquidity risk indicates the ability of a firm or company to pay its debt without suffering catastrophic losses</p>	<ul style="list-style-type: none"> • Matching of inflows and outflows of cash and maintaining sufficient credit facilities • Borrowings are created in a particular currency to match payments and receipts or liabilities and assets • Capital restructuring • Monitoring the agreed covenants with the lenders

KEY RISKS AND MITIGATION

KEY RISKS		RISK DESCRIPTION	MITIGATION ACTIONS
4.	High dependency on foreign workers in plantation operation	The Group faces the challenge of depending on foreign workers to carry out most of the field work in the estates e.g. harvesting, fruit loading, manuring, spraying, etc. During the FY2021, reliance on foreign labour exposed the Group to an acute labour shortage as the Malaysian government banned the intake of new foreign workers in March 2020 to prevent the spread of COVID-19	<ul style="list-style-type: none"> Participating in the government's Labour Calibration Programme which is aimed at legally employing undocumented foreign workers Initiating an incentive scheme to retain foreign workers who are willing to work especially during the COVID-19 pandemic Enhancing field mechanisation through intensifying the use of agriculture implements such as mini tractors/grabbers with scissor lift and mechanised tools Reviewing the remuneration packages of workers from time to time Accelerating the process of automation and applying new technology to reduce labour usage Joint collaboration with agricultural/labour authorities to increase the participation of local labour in the plantation sector Uplifting living conditions and amenities of workers through upgrading the quarters as well as providing crèche, mosque and medical facilities
5.	Sustainability risks facing the palm oil industry	The Group has had challenges meeting the expectations of various stakeholders in the value chain. This continues to rise in ensuring sustainability and food safety requirements in the conduct of business. Concerns around the environment, human rights issues and the sustainability of palm oil products have frequently been raised by the European Union, NGOs and human rights watchdogs. Meanwhile, the US State Department's Trafficking in Persons Report has recently downgraded Malaysia to Tier 3 for alleged forced labour and work issues in palm oil production	<ul style="list-style-type: none"> Monitoring compliance with various standards, sustainability requirements and certifications including RSPO, ISCC, MSPO and ABMS Developing and updating the Group's Sustainability Policy that includes policies on No Deforestation; Protection of Peat Areas; and No Exploitation of People and Communities Ensuring the working conditions are safe and business operations are responsibly and ethically conducted Ensuring strict compliance with Malaysia's laws, rules and regulations including minimum wage policy Providing proper housing for workers with adequate social and economic amenities and upgrading infrastructure Promoting gender equality and creating economic activities for female employees, and enhancing their lives through WOW initiatives and programmes Engaging our stakeholders regularly and better understanding their expectations and concerns Addressing general queries from the public that are registered via Kulim's corporate website and other grievance channels Setting up a task force to scrutinise labour practices and address labour-related issues

Impact Rating



High



Low





Moderate

LEGEND:

Risk Trend



KEY RISKS		RISK DESCRIPTION	MITIGATION ACTIONS
6.  	Pandemic risk resulting in widespread mortality, social and economic disruptions	The Group is exposed to external threats including the COVID-19 pandemic which may disrupt business operations, compromise the safety of employees and result in financial loss. During the year, the authority shut down the Group's palm oil operations consisting of three mills and one estate to contain the spread of the outbreak	<ul style="list-style-type: none"> • Ensuring stringent SOPs were put in place at the workplace to prevent transmission of disease • Minimising physical contact including working from home for administrative staff, remote/offsite network access, virtual meeting and training • Instituting bi-weekly health declarations for outsiders including vehicle drivers, visitors, suppliers and contractors • Providing COVID-19 test kits to all estate clinics • Establishing a Business Continuity Plan to ensure minimal disruption to the Group's business • Exploring opportunities to expedite employees' vaccination programme
	Strategic risk arising from the inability to execute divestment in line with strategy	Divestment of the Group's non-performing businesses and non-core assets was not within the envisaged timeframe as a result of market conditions, unacceptable prices and ongoing litigations	<ul style="list-style-type: none"> • Engaging sell-side advisors to assist in handling negotiations and transactions • Engaging legal firm to provide legal advice on litigation strategies, resolving disputes and settlement negotiations • Aggressively sourcing for potential buyers and securing binding offers • Engaging property agents to expedite the monetisation
	Non-compliance with regulatory requirements	The Group's businesses are governed by relevant laws, rules and regulations, and standards. Any incident of non-compliance promotes fines, business shutdown, sanctions and imprisonment	<ul style="list-style-type: none"> • Consulting with the authorities, regulatory bodies, unions and experts to ensure compliance • Facilitating self-assessment to identify any non-compliance with applicable rules and regulations • Periodic monitoring of the compliance status of each business entity including determining the adequacy of the rectification actions • Participating in both internal and external trainings, conferences and seminars to keep updated with the new requirements

OUR STRATEGIC ROAD MAP

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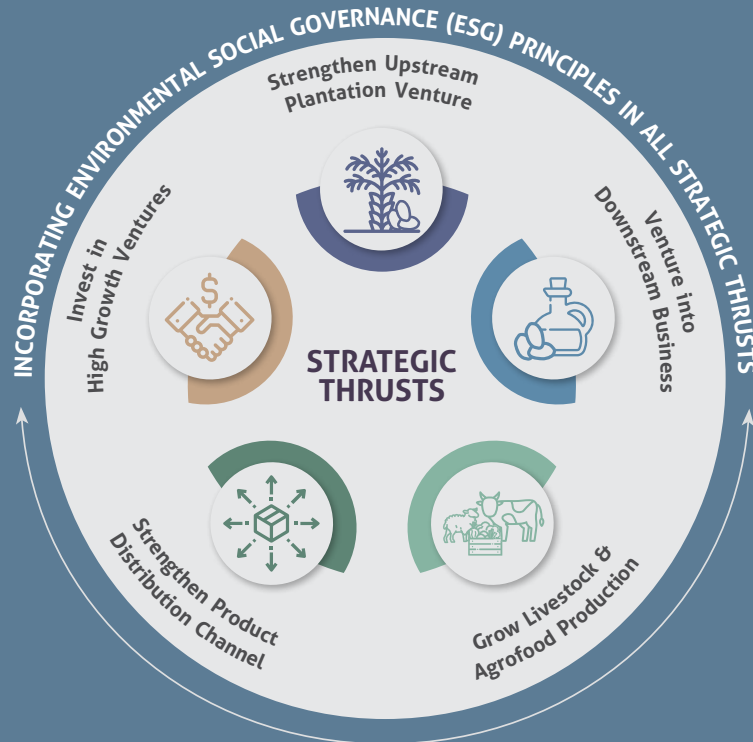
OUR STRATEGY MAP

**TO BE THE MOST
PROGRESSIVE, EFFICIENT, PROFITABLE AND RESPECTABLE
AGRIBUSINESS COMPANY IN THE REGION**

VISION

- Committed to generate sustainable growth and profits, and to consistently enhance our stakeholders' value;
- To provide extensive professionalism and innovation to drive business forward;
- To achieve operational excellence through continuous improvement and best practices;
- Produce trusted products and services of superior value;
- To strive towards high business ethics and governance; and
- To be an exemplary corporate citizen that is responsible to society and the environment.

MISSION



CATALYTIC GAME CHANGERS

- Introduce new innovative approaches to strengthen upstream plantation production
- Expand into lucrative downstream market via specialised products in plantation
- Position as the flagship company for national food security
- Capitalise on multiple vehicles to expand trading business
- Monetise non-core and unutilised assets to fund high-value and growth-based ventures

SUPER ENABLERS

- Leverage DIGITAL FIRST approach across the value chain
- Establish a future-proof workforce with innovative culture and modern workplace practices

OUR BUSINESS PLAN

Our business plan was developed based on five Strategic Thrusts and two Super Enablers as below:

STRATEGIC THRUST	STRATEGIC INITIATIVES
Strengthen Upstream Plantation Venture	<ul style="list-style-type: none"> Introduce new innovative approaches to strengthen upstream plantation production via: <ul style="list-style-type: none"> (a) Expanded CPO production through leasing plantation and increase the number of mills; (b) Accelerated mechanisation and automation; and (c) Adopt high yielding planting materials.
Venture into Downstream Business	<ul style="list-style-type: none"> Expand into the lucrative downstream market via specialised products in plantation <ul style="list-style-type: none"> Expand into downstream specialised products in the plantation segment through Joint Ventures ("JVs"), partnerships, and/or acquisitions for involvement in integrated refinery and kernel crushing plant
Grow Livestock & Agrofood Production	<ul style="list-style-type: none"> Position as the flagship company for national food security <ul style="list-style-type: none"> To align with JCorp's Agrofood Strategic Plan to establish a food hub and aggregate produce by partnering with smallholders, Government Linked Companies ("GLCs") and large private players
Strengthen Product Distribution Channel	<ul style="list-style-type: none"> Capitalise on multiple vehicles to expand trading business through internal scope alignment, redistribution/asset purchase and by leveraging the digital platform
Invest in High Growth Ventures	<ul style="list-style-type: none"> Monetise non-core businesses and unutilised assets to fund high-value and growth-based ventures

SUPER ENABLERS	STRATEGIC INITIATIVES
Leverage DIGITAL FIRST approach across the value chain	<ul style="list-style-type: none"> Leverage a DIGITAL FIRST approach across our businesses by digitalising revenue-generating activities and support services
Establish a future-proof workforce with an innovative culture and modern workplace practices	<ul style="list-style-type: none"> Develop a future-proof workforce and adopt modern workplace practices

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STRATEGIC THRUSTS

Strengthen Upstream
Plantation Venture

KEY INITIATIVES

- Optimise estate number and size
- Expand CPO production
- Accelerate mechanisation and automation
- Adopt high yielding planting material

2021 ACHIEVEMENT

- Merged 10 estates into five estates effective from January 2021, reducing the total number of estates from 28 to 23
- Mechanised 60.03% of total area (33,497 ha) under the mechanisation programme for in-field evacuation and field maintenance to reduce reliance on manual labour/contractors
- Planted area with high yielding oil palm materials: 14% from 2021 replanting area (1,085.08 ha)

2022 PRIORITIES

- Leasing/managing brownfield plantation from third party
- Increase number of mills
- Upgrading Sindora POM from 45 TPH to 60 TPH
- Changing Sindora POM status from Mass Balance ("MB") to Identity Preserved ("IP")
- Increase mechanised area of 38,337 ha (71.91%) of harvesting area (53,310 ha)
- Utilisation of 35% clonal material for replanting
- Increase Palm Product Yield ("PPY") to 6.30 MT/ha

OUR KPIs

Financial Metrics

- Revenue
- EBITDA
- PBTZ
- Net Gearing

Non-Financial Metrics
(Productivity & Efficiency)

- CPO Production
- Palm Product Yield ("PPY")
- Mechanisation & automation

LINK TO

Capital:

Material Matters:

Venture into
Downstream Business

KEY INITIATIVES

- Commercialisation of renewable energy
- JV with established player for specialty oil palm product

2021 ACHIEVEMENT

- Biomethane project at Sedenak POM: in progress
- Bio-CNG project at Sindora POM and Tereh POM: Gas Purchase Agreement ("GPA") with Gas Malaysia Berhad was signed on 8 December 2021

2022 PRIORITIES

- Commercialisation of biomethane
- Construction of bio-CNG plant
- JV with established players for Refinery project

OUR KPIs

Financial Metrics

- Revenue
- EBITDA
- PBTZ

Non-Financial Metrics
(Productivity & Efficiency)

- Utilisation of renewable energy
- New growth area – Downstream

LINK TO

Capital:

Material Matters:

Grow Livestock & Agrofood Production

KEY INITIATIVES

- Expansion of livestock (beef cattle, sheep, dairy & poultry)
- Venture into agro farming business

2021 ACHIEVEMENT

Livestock:

- Beef cattle population: 7,491 heads (target: 6,518 heads)
- Sheep population: 220 heads
- Participation in Jemaluang Dairy Valley ("JDV") project tender by East Coast Economic Region Development Council ("ECER") on 24 September 2021

Agro Farming:

- Intensive farming (Ulu Tiram Estate – 4 ha): planted with cucumber and luffa. Harvested 3,763 kg of cucumber with sales of RM7,359
- Mono-crop:
 - Durian (Kluang – 7.35 ha): planted with selected materials i.e. Musang King-D197 (50%), Black Thorn-D200 (30%), IOI-D168 (11%) and Kop Kecil-D99 (9%)
 - Coconut (Balau Coconut Farm – 100.2 ha): planted with Pandan, DeeJay Sampoorna, Vietnam Green and Vietnam Brown Palms

2022 PRIORITIES

Livestock:

- Reactivation of Kulim Livestock Sdn Bhd
- Expansion of beef cattle: 8,400 heads
- Expansion of sheep: 1,100 heads
- Participation in dairy business via JV with established player

Farming business:

- Expansion of agro farm production for intensive, mono-crop & multi-crop farming
- Reactivation of Cita Tani Sdn Bhd ("CTSB")
- Collaboration with third party in expansion of agro farming business

OUR KPIs

Financial Metrics

- Revenue
- EBITDA
- PBTZ

Non-Financial Metrics (Productivity)

- Expansion of livestock business (beef cattle, sheep, dairy)
- Support to the National Food Security agenda

LINK TO

Capital: \$ ¥ ⚙️

Material Matters: 🏠

Strengthen Product Distribution Channel

KEY INITIATIVES

- Acquisition of poultry-based product company
- Establish an integrated food hub and aggregate produce
- Establish branding and brand loyalty

2021 ACHIEVEMENT

- Reactivation of JTP Trading Sdn Bhd ("JTP Trading") on 1 May 2021 as a trading company for other products produced by Kulim and external sources

2022 PRIORITIES

- Completion of company acquisition to leverage its expertise as a commercial arm
- Commencement on the implementation of food hub
- Established branding and branding roll-out

OUR KPIs

Financial Metrics

- Revenue
- EBITDA
- PBTZ

Non-Financial Metrics

- Leverage expertise and technology know-how
- Establish branding and brand loyalty
- Establish an integrated Food Hub and aggregate product

LINK TO

Capital: \$ ¥ ⚙️

Material Matters: 🏠

STRATEGIC REVIEW

STRATEGIC PERFORMANCE REVIEW

KULIM
(MALAYSIA)
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STRATEGIC THRUSTS

Invest in High Growth Ventures

KEY INITIATIVES

Monetise non-core businesses and unutilised assets to fund high-value and growth-based ventures

2021 ACHIEVEMENT

- Acquisition of 100% equity stake in Perfect Synergy Sdn Bhd
- Disposal of 60% equity stake in Microwell Bio Solutions Sdn Bhd by Sindora Berhad
- Sales of Taman R.E.M: RM13.90 million

2022 PRIORITIES

- Divestment of non-core and non-strategic businesses
- Monetisation of unutilised assets
- Increase sales of Taman R.E.M

OUR KPIs

Financial Metrics

- Sales proceed
- Repayment of loans

Non-Financial Metrics

- Investment in high value ventures for company growth

LINK TO

Capital: 

Material Matters: 



OUR SUPER ENABLERS

Leverage DIGITAL FIRST Approach Across the Value Chain

KEY INITIATIVES

- Adoption of digitalisation across the value chain

2022 PRIORITIES

- Adoption of digitalisation in plantation, livestock, agro farming and trading & services
- Establish digital transformation blueprint
- Implement Enterprise Resource Planning ("ERP") System
- Development of digital aggregator/e-commerce platform

OUR KPIs

Non-Financial Metrics (Productivity & Efficiency)

- Reduce reliance on manual labour
- Professional and competent workforce
- Collaborative business eco systems
- Strengthen cyber security

LINK TO

Capital:  

Material Matters:  

Establish a Future-Proof Workforce with Innovative Culture and Modern Workplace Practices

KEY INITIATIVES

- Establish future-proof workforce
- Establish modern workplace practices

2022 PRIORITIES

- Establish digital workplace
- Improve employee satisfaction via work-life integration
- Strengthen the recruitment process
- Upskilling current talent
- Establish high performance retention programme

OUR KPIs

Non-Financial Metrics

- Enhance employees' capabilities and skill sets
- Improve productivity of employees

LINK TO

Capital: 

Material Matters: 

Incorporating Environmental Social Governance ("ESG") Principles in All Strategic Thrusts

KEY INITIATIVES

- Maintain RSPO and MSPO certification
- Establish ESG framework
- Improve SPOTT Ranking & Score

2022 PRIORITIES

- RSPO & MSPO certification retained in all OUs
- Commitment to ESG agenda through establishing the Kulim ESG framework
- Improve Sustainability Policy Transparency Toolkit ("SPOTT") ranking and score

OUR KPIs

- Retain RSPO & MSPO Certification
- SPOTT Ranking & Score – Top 20 @75%

LINK TO

Capital: 

Material Matters: 



OUR DIGITAL TRANSFORMATION

Kulim recognises the need to fully embrace digitalisation as part of our transformation into a progressive, efficient and profitable company, ranking among the most respectable agribusinesses in the region. Towards this end, we have integrated digitalisation as an integral component of our transformation agenda, and embarked on a structured five-year Digitalisation Transformation that will take us from the year 2021-2025.

This transformation comprises both short and long-term goals. In the short term, we have outlined various objectives to be achieved within a three-year timeframe (2021-2023) through the deployment of fast-track projects. Once we attain these milestones, we will continue with our longer-term plans 2024-2025 to build a robust digital infrastructure to enable us to leverage intelligence-based data to drive further operational efficiencies across all functions within the Group. We seek to establish this infrastructure within five years.

ACHIEVEMENTS IN 2021

In 2021, we accomplished a tech refresh enabling a flexi workspace for all employees. By 2022, Notebooks have been provided for all employees under a leasing programme, each device connected to the Group's business applications via a Virtual Private Network ("VPN"). This has been critical for smooth operations during the MCO, when half our office staff were working from home at any one time; and will continue to empower our employees to work remotely in future.

For enhanced efficiency and collaboration organisation-wide, we migrated our intranet to the Microsoft Office 365 Cloud. This enables everyone throughout the Group to leverage Microsoft Teams, Email, Onedrive and Sharepoint for Office collaboration and information sharing, as well as to access apps that form part of Microsoft's out-of-the-box solutions to submit digitised forms and automate various processes, for example booking meeting rooms or transport.

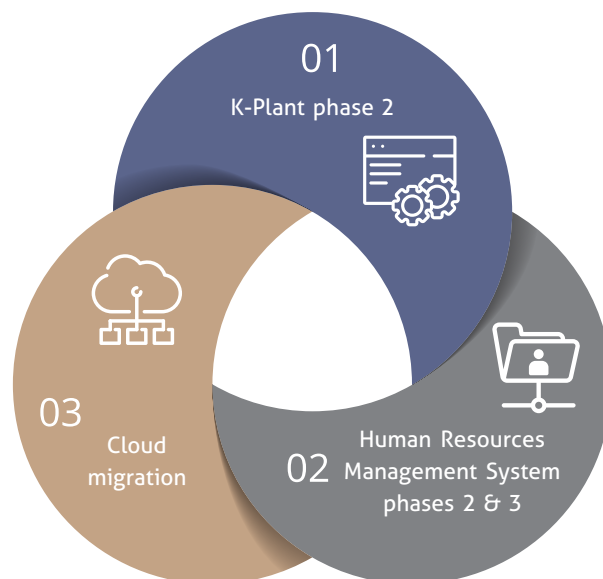


We have also upgraded various existing digital tools to more current and efficient versions to promote an innovation culture within the organisation as well as a paperless environment. This includes transitioning our descriptive Business Intelligence ("BI") analytics tool to more interactive and user-friendly Power BI solution by Microsoft.

The most significant digital development, however, has to be the launch of K-Plant, a comprehensive internally developed app by Kulim's digital team using Microsoft.Net Framework that caters to operations in the field – from Harvesting, Checkroll and Sundry. We have also integrated our new Foreign Workers Management System (K-For), creating greater efficiencies in managing all workers within our check roll.

FROM 2022 ONWARDS

In 2022, we will complete the migration of our on-premise server farms to cloud infrastructure. Specifically, the year will see us complete:



Concurrently Kulim is looking into improving our connectivity by working closely with a service provider to manage connectivity among office branches and operating units in order to optimise application delivery benefits from software-defined wide area network (SD-WAN) that is fast, reliable and secure.

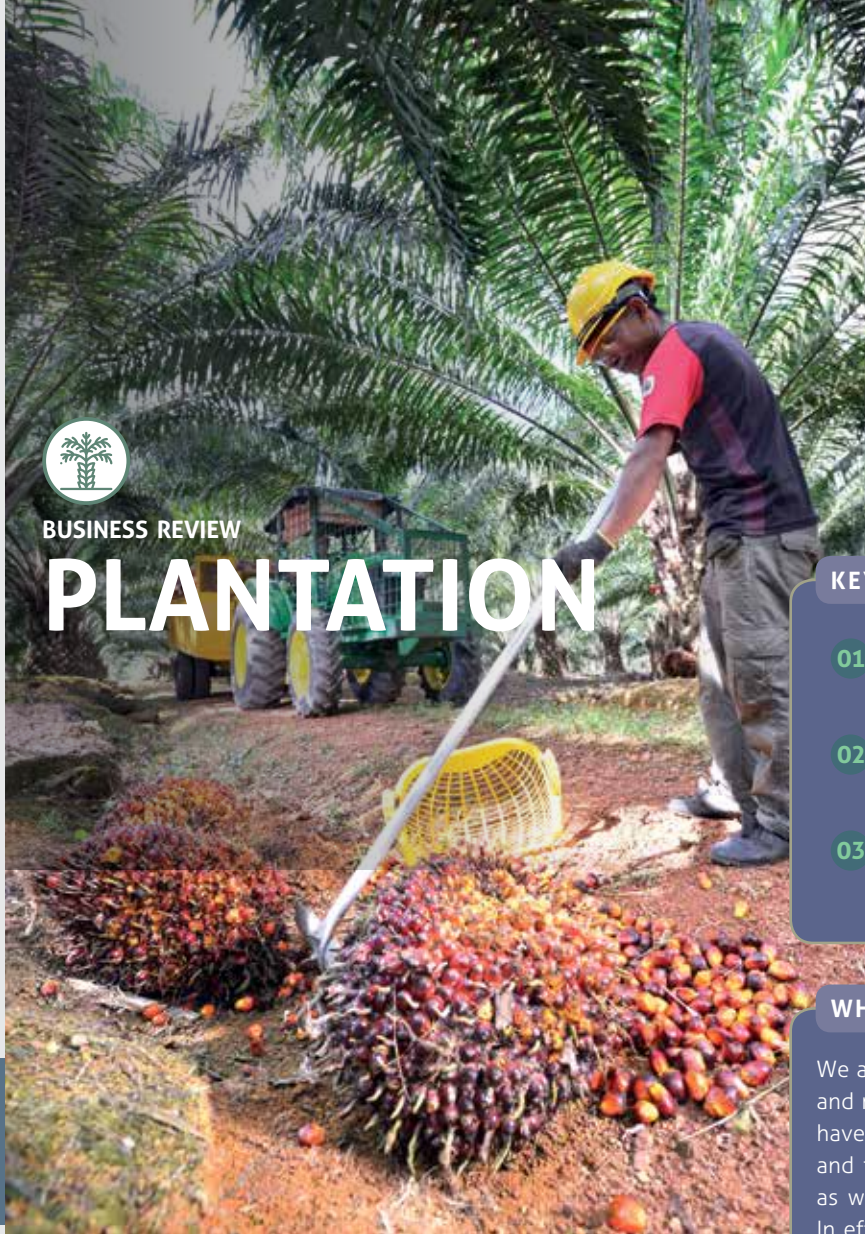
We are currently in the process of developing a Digital Transformation Blueprint to validate our current IT initiatives and address future requirements for our entire value chain. This includes looking into migrating our Business Application – ERP – RISE with SAP S4/HANA and to a more centralised and integrated solution for "single source of truth" catering to our upstream and future downstream requirements.

As we venture into intensive farming solutions, we are also adopting IR4.0 technology such as Internet of Things ("IoT") to further enhance our crop management while leveraging automation to reduce our labour requirements.



BUSINESS REVIEW

PLANTATION



KEY FOCUS AREAS

- 01 Palm oil upstream and midstream
- 02 Renewable energy operations
- 03 Research and development to support plantation operations

WHAT WE DO

We are principally involved in upstream and midstream oil palm operations. We have 23 plantations in Johor, Malaysia, and two in South Sumatera, Indonesia; as well as five palm oil mills in Johor. In efforts to extract optimal value from our plantation operations, as well as to reduce our carbon footprint, we have ventured into renewable energy operations. Supporting our plantation operations, we have a strong research and development team dedicated to developing solutions to enhance our productivity.



OUR PLANTATION LANDBANK

Kulim's plantation operations cover a total area of 74,511 hectares ("ha") spread across Peninsular Malaysia and Indonesia. Of this, 60,064 ha (or 80.61%) is in the southern part of Peninsular Malaysia while the remaining 14,447 ha is in South Sumatera, Indonesia, where the Group has been granted cultivation rights or *Hak Guna Usaha* ("HGU") status. Landbank area and maturity are broken down in the table below:



Kulim's oil palm landbank and maturity			Kulim's oil palm landbank and maturity		
Titled Area (Ha)	Mature (Ha)	Immature (Ha)	Titled Area (Ha)	Mature (Ha)	Immature (Ha)
60,064	50,808	4,988	14,447*	7,362	—
Total Planted (Ha)			Total Planted (Ha)		
55,796			7,362		

* area with HGU

Total of both countries for Kulim's oil palm landbank and maturity		
Titled Area (Ha)	Mature (Ha)	Immature (Ha)
74,511	58,170	4,988
Total Planted (Ha)		
63,158		

As of 31 December 2021, a total of 63,158 ha of the Group's landbank was planted with oil palm, of which 55,796 ha are located in Malaysia. The total planted area of mature palms stands at 58,170 ha, whereof 50,808 ha are in Malaysia and the balance 7,362 ha are in Indonesia. From the total landbank, we have 1,274 ha of peat land in Malaysia and 14,447 ha in Indonesia.

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PLANTATION IN MALAYSIA

ESTATE OPERATIONS

OVERVIEW

The year 2021 was marked by continued labour shortage due to the prolonged freeze on recruitment of foreign workers and loss of experienced workers returning to their home countries. About 76% of Kulim's plantation workers come from Indonesia, Bangladesh, and India. The impact was pronounced during harvesting, which is the most labour-intensive and critical time in estate operations.

Extremely low rainfall during the first half of 2019 contributed to lower yield in first quarter of 2021 as it created an imbalance in the sex ratio, favouring more male rather than female inflorescence, affecting fruit production over the next 24 months. Additionally, hot and dry weather leads to increased bunch failure (abortion), especially in young-mature fields. Meanwhile, floods in the first week of 2021 caused 534 MT of fruit bunches to rot due to palms being submerged. It also damaged inflorescences, affecting crop formation for the following six months.

On a positive note, the industry experienced record-high CPO prices. During the 12-month period, the price of CPO hit RM5,345 per tonne in November; while at its lowest, in January, it was RM3,749 per tonne.



OPERATIONAL PERFORMANCE

- ✓ Malaysian operations produced a total of 1,035,342 MT of FFB, a 9.58% decrease from 1,145,090 MT in 2020.
- ✓ Yield Per Hectare ("YPH") decreased to 20.11 MT/ha from 22.93 MT/ha in 2020. However, this was higher than the industry average in Johor and Peninsular Malaysia, at 17.73 MT/ha and 16.24 MT/ha, respectively. (Source: MPOB)
- ✓ Achieved our targeted PPY, recording 5.26 MT/ha.
- ✓ A total of 1,085 ha of uneconomical palm was replanted on a staggered basis, to maximise each crop's potential before felling.
- ✓ As at year end, Malaysian landbank comprised 71% mature areas, 23% immature/young mature areas, and 6% areas with old palms above 23 years.



FFB Produced

↓ 9.58%

1,035,342 MT

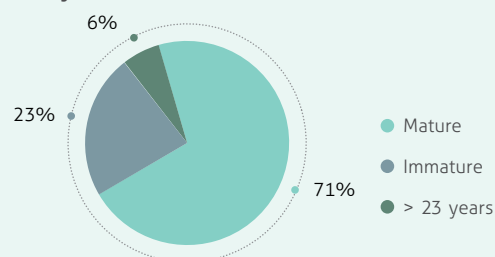
2020: 1,145,090 MT



PPY

Recorded at
5.26 MT/ha

Malaysian Landbank



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KEY INITIATIVES AND ACHIEVEMENTS/EXPECTED OUTCOMES

Key Initiatives

- ➔ To make up for loss of foreign workers, Kulim undertook the following:
 - Mobilised as many workers as possible to assist in harvesting where needed
 - Collaborated with the Labour Department in Peninsular Malaysia to organise job fairs
 - Recruited Malaysian workers from nearby villages
 - Offered cash incentive of RM1,200 per worker to postpone their return for minimum of one year
 - Engaged with Konsulat Jenderal Republik Indonesia ("KJRI"), Johor Bahru to advise Indonesian workers to postpone their planned return home
 - Extended the work permits of skilled foreign workers who have been working here for more than 10 years, under Temporary Working Pass ("PLKS"), with condition of yearly permit renewal for up to three years
 - Depending on needs and on a voluntary basis, workers were offered overtime, including Saturday harvesting
 - Implemented flexi Minimum Ripeness Standard ("MRS") of between one and five loose fruit during peak cropping month
- ➔ Enhancing mechanisation programme in plantation to improve land labour ratio
 - Introduced Mechanical Buffalo with mini tractors and scissor lifts/grabbers as a new method of in-field evacuation for all areas suitable for mini tractors
 - Implementation of BIN System to replace the manual loading of FFB for speedy evacuation to mills
- ➔ Cost management and productivity improvement through adoption of Good Agricultural Practices ("GAP") and best operational/manufacturing practices to enhance our bottom line
- ➔ Migration of the daily operational system from In-Field Data Execution and Analytics System ("IDEAS") and GIS/GPS Integrated Estate Management System ("GEMS") to new integrated system called Kulim Plantation Management System ("K-Plant")

Achievements/Expected Outcomes

- ➔ Achieve desired 2.5 rounds/ha/month
- ➔ Attracted more local workers
- ➔ 1,743 foreign workers opted for the cash incentive scheme in 2021
- ➔ Brought in 148 stranded workers through MyTravel Pass Programme
- ➔ Enhanced productivity during harvesting
- ➔ Increased speed of harvesting
- ➔ Mechanical Buffalo coverage decreased by 6.48% from 20,860 ha at end 2020 to 19,509 ha at end of 2021
- ➔ Coverage of mini tractors with/without scissor lifts (MT-SL) and mini tractors grabbers c/w scissor lift trailers (MTG-SL) increased by 68% from 8,350 ha at end 2020 to 13,988 ha at end of 2021
- ➔ BIN system coverage increased by 42% from 16,390 ha in 2020 to 23,198 ha in 2021
- ➔ Successfully contained our field costs at RM296 per tonne of FFB
- ➔ Enhanced efficiencies by recording important data such as daily workers' attendance, bunch count and loose fruit collected, among others

CHALLENGES AND MITIGATING ACTIONS

Challenges

- ➔ Fluctuations in commodity prices
- ➔ Labour shortage, with MCO preventing the intake of any foreign workers
- ➔ Keeping workers safe from the pandemic, as infection would lead to disruption to daily operations

Mitigating Actions

- ➔ Focus on productivity improvement and cost efficiency without any compromise on quality and standards
- ➔ Implementation of various initiatives to attract and retain foreign and local workers
- ➔ Increased mechanisation and automation of estate processes, replacing older systems with newer and more effective processes/system e.g. mechanised buffalos with mechanised tractors
- ➔ Tightened control over workers' leaving estate grounds to minimise exposure to COVID-19 infection
- ➔ Assisted in vaccination programme for employees and dependents. During 2021, 99.93% of total employees received their first dosage and 100% completed their second dosage. Only four employees are yet to be vaccinated due to specific reasons
- ➔ Continuously provide hand sanitisers and face masks, disinfection and sanitisation programmes at the workplace while bearing the cost and wages of infected employees



MILL OPERATIONS

OVERVIEW

Our mill operations were also impacted by the labour shortage and interrupted operations due to the pandemic. Of note, the manpower shortage hampered the recovery of loose fruit during the harvesting period. Together with higher rainfall, this contributed to lower oil extraction and kernel extraction rates.



Nevertheless, we are making good progress on our renewable energy agenda, based on capturing gaseous emissions from Palm Oil Mill Effluent ("POME") for conversion into energy. Increased utilisation of renewable energy or electricity generated by gas from mill to Pasir Panjang Estate and Tereh Selatan Estate is in progress and targeted for completion by mid-2022.

Currently, all the biogas produced is used internally for power generation. However, we have plans to commercialise our biomethane as an added source of revenue. Towards this end, we are setting up a biomethane plant at Sedenak POM which is expected to be commissioned by the third quarter of 2022, and bio-CNG plants in Tereh POM and Sindora POM, with both expected to be commissioned in 2023. The fifth biogas plant was commissioned in Tereh POM on 21 September 2021.

OPERATIONAL PERFORMANCE

- ✓ Processed 1,419,613 MT of FFB, including 378,273 MT from external suppliers. This marked a 5.48% decrease from 2020, mainly from decreased Group supply.
- ✓ CPO production totalled 295,747 MT, 6.43% less than 316,066 MT in 2020.
- ✓ PK production decreased by 4.82%, from 79,711 MT to 75,867 MT.
- ✓ Oil Extraction Rate ("OER") decreased to 20.83%, from 21.04%, yet remained higher than the industry average of 19.68% for Peninsular Malaysia and 19.92% for Malaysia as a whole.
- ✓ Kernel Extraction Rate ("KER") increased from 5.31% in 2020 to 5.34%.
- ✓ Total biogas production increased by 47.95% from 6,930,104 m³ in 2020 to 10,253,242 m³.
- ✓ Total of 19,639.76 MT of palm shells and 10,500.27 MT of palm fibres were sold for use as renewable sources of energy. This was 698.24 MT and 2,505.73 MT less than the respective sales volumes in 2020, due to a reduction in processed crop in 2021.



FFB Processed

↓ 5.48%
1,419,613 MT
2020: 1,501,949 MT



CPO Production

↓ 6.43%
295,747 MT
2020: 316,066 MT



PK Production

↓ 4.82%
75,867 MT
2020: 79,711 MT



KER

↑ 0.56%
5.34%
2020: 5.31%



OER

↓ 0.99%
20.83%
2020: 21.04%



Biogas Production

↑ 47.95%
10,253,242 m³
2020: 6,930,104 m³

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KEY INITIATIVES AND ACHIEVEMENTS/EXPECTED OUTCOMES

Key Initiatives

- ➔ To increase Sindora POM capacity from 45T PH to 60 TPH
- ➔ Upgrade Sindora POM as IP mill
- ➔ Embarked on a five-year programme to increase the capacity of our 28 digesters from 4,000 litres to 5,000 litres
- ➔ Installation of tertiary wastewater treatment plants at Palong Cocoa POM, Sedenak POM and Tereh POM
- ➔ Upgrade of biogas plant in Sedenak POM to process all POME produced into biomethane for injection into Gas Malaysia's Natural Gas Distribution System ("NGDS") network

Installation of bio-CNG plants at Tereh POM and Sindora POM

Achievements/Expected Outcomes

- ➔ The project is in progress and targeted for completion by mid-2023
- ➔ The conversion of Sindora POM from MB to IP mill will be completed in the second quarter of 2022 which will earn additional premium income from CSPO and CSPK by RM3 million/year
- ➔ The project for Pasir Panjang POM was completed in 2020; one unit was installed for Sedenak POM in 2021; and the rest of the mills will be converted by 2022/2023. This is expected to reduce oil losses by 0.1% to FFB
- ➔ Installation of the treatment plants was completed in 2021, following which all our mills comply with new Department of Environment ("DOE") requirements on the treatment of wastewater discharge
- ➔ The project, which is expected to produce an estimated 250,000 MMBtu of biomethane gas per annum, is to be commissioned by the third quarter of 2022

The plants are expected to be commissioned in 2023

CHALLENGES AND MITIGATING ACTIONS

Challenges

- ➔ Mill Integrated Automation and Digitalisation System
- ➔ New DOE requirements on EFB storage areas

Mitigating Actions

- ➔ Collaboration with Digital and Technology Division to achieve better plant supervision and control using SCADA System, with the first digester control system (at Pasir Panjang POM) to commence in the third quarter of 2022
- ➔ To construct an EFB storage building c/w perimeter drain to avoid leached spillage to surrounding areas or water bodies. The building is expected to be completed in the fourth quarter of 2022

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PLANTATION IN INDONESIA

OVERVIEW

Since being granted cultivation rights or HGU status in palm oil plantations in South Sumatera in 2016, our subsidiaries have undertaken an extensive rehabilitation of 7,362 ha of the land; 4,248 ha by PT Rambang Agro Jaya ("PT RAJ") and 3,114 ha by PT Tempirai Palm Resources ("PT TPR"). The rehabilitation programmes were completed in October 2018 and July 2018, respectively, following which crop recovery has improved significantly. As part of the rehabilitation process, our subsidiaries are also developing the physical infrastructure in the estates.

OPERATIONAL PERFORMANCE

- ✓ Produced a total of 26,160 MT of FFB in 2021, compared to 14,499 MT in 2020.
- ✓ Achieved yield of 7.53 MT/ha from a harvesting area of 3,516 ha, compared to 5.24 MT/ha in 2020.
- ✓ Harvesting area expanded to 3,516 ha from 3,430 ha in 2020.
- ✓ The Group anticipates that the entire 7,362 ha of rehabilitated area will be produced by 2025; and that, by 2026, FFB production will stand at 76,901 MT per year.



KEY INITIATIVES AND ACHIEVEMENTS

Key Initiatives

- ➔ Enhance estate infrastructure and improve accessibility for manuring and harvesting work
- ➔ Maximise profits of FFB sales
- ➔ Vaccination programme organised for estate workers in collaboration with POLRES (*Kepolisian Resort*) Kota Kayu Agong, Sumatera Selatan at estate office in October and December

Achievements

- ➔ As at end 2021, Sumsel operation completed 299 km of laterite road, constructed 82 reinforced concrete bridges, 2,955 harvesting footbridges and constructed a workshop, fertiliser store, main office and 12 units of staff houses
- ➔ Entered into a mutual agreement with P.T. GON palm oil mill to increase FFB price between 12.73% and 13.32% based on the price determined by *Dinas Perkebunan*, Province Sumatera Selatan. The revision was effective from 1 November 2021
- ➔ Total of 321 workers and staff (44%) are fully vaccinated while the others are being counselled to receive the vaccination

CHALLENGES AND MITIGATING ACTIONS

Challenges

- ➔ Area prone to fire breakouts
- ➔ Slow recovery of plantation operations after rehabilitation work
- ➔ Unpredictable climate patterns with prolonged monsoons and dry periods affecting yield as well as potentially damaging plantations
- ➔ Stunted growth of palms, especially those with hanging bases
- ➔ Frequent claims on land from surrounding community despite HGU certificate
- ➔ Keep workers safe from COVID-19

Mitigating Actions

- ➔ Refresher training on firefighting conducted for all Fire Emergency Response Team ("TKTD") members
- ➔ Collaboration with *Masyarakat Desa* on *MPA (Masyarakat Peduli Api)* for fire patrol during dry weather
- ➔ Constructed 88 water catchment units measuring 20m x 20m x 4m
- ➔ Set up fire monitoring towers for every 500 ha of plantation and a station for the Fire Emergency Response Team (tower monitoring complements routine patrolling)
- ➔ Ensure compliance with regulations under the Agricultural Ministry of Indonesia with regards to fire extinguishing equipment
- ➔ Deploy TKTD team to extinguish fires within 5 km of the estate's perimeter
- ➔ To fix and replace "Burning Prohibited" banners every six months
- ➔ Implementation of best agricultural management practices to expedite return to normal productivity and yield
- ➔ Enhanced water management system by constructing weirs in strategic locations to maintain optimum water level on peat soil, while pumping out excess water using two 160 Kilovolt AMP (KVA) gensets and eight units of 30-horse power water pumps
- ➔ Improved palm base with soil mounding
- ➔ Planned early replanting of areas with substandard palms
- ➔ To follow legal procedures on any land claim matter
- ➔ Minimised number of personnel in all activities
- ➔ Minimum social distancing of 1m during roll call exercise
- ➔ Regular briefings to workers on COVID-19 transmission prevention
- ➔ Body temperature scans for every personnel entering premises
- ➔ Regular disinfection around the office, store and line sites

RESEARCH & DEVELOPMENT

OVERVIEW

Supporting our plantation businesses as well as renewable energy ventures, we invest in Research & Development ("R&D"), which is carried out at the Kulim Agrotech Centre ("KAC") located in Kota Tinggi, Johor. As a centre of excellence, KAC hosts five operating units, namely Tissue Culture, Genomic Laboratory, Plant Breeding Laboratory, Ulu Tiram Central Laboratory ("UTCL") and R&D Management Office (Agronomy Advisory and Plant Breeding Office). Research in agronomy and plant breeding is carried out at the R&D Management Office, which also has a microbiology lab.

In addition, we collaborate with MPOB and the Malaysian Nuclear Agency on various agricultural-related areas of research.



AGRONOMY UNIT

OVERVIEW

The Agronomy Unit contributes to operations by providing technical expertise on enhancing productivity. With over 40 years of experience, it enables Kulim to gauge the performance of different planting areas more effectively, providing analysis and recommendations on best practices, identifying sites for new agronomy trials and recommending measures to overcome pest and disease outbreaks. Outcomes of science-based research are shared with estates across the Group to enhance field performance, benchmarked against high performers.

KEY FOCUS AREAS

- 01 Guiding plantations on best agricultural practices
- 02 Recommend the best fertilisers for maximum yield
- 03 Establish and update planting procedures and protocols based on research and regulations
- 04 Ensure that all agricultural assets purchased are of good quality, safe and suitable for the specific crops

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KEY INITIATIVES AND ACHIEVEMENTS/EXPECTED OUTCOMES

Key Initiatives

➔ Sustaining yield

➔ Microbiology laboratory

➔ Enhance services for better yield

➔ Remote sensing

➔ Establishment of SOPs for new crops

➔ Agronomic visits and reporting

Achievements/Expected Outcomes

➔ Sustained FFB production at over a million tonnes in 2021, for the fifth consecutive year
➔ Though there was an overall decline in yield in 2021, some fields continued to perform well, yielding between 25 to 30 MT/ha with a few even recording more than 30 MT/ha.
➔ Despite the serious labour shortage as a result of the pandemic, the Group's yield stood at 20.11 MT/ha

➔ The laboratory provides domestic water analysis from estates for water quality control. In 2021, a total of 583 samples were analysed

➔ In 2020, the Microbiology Lab had embarked on in-house production of a beneficial microbe, mycorrhiza, which has been proven to be as effective as commercial products in improving plant immunity against diseases. In 2021, another two production houses with the capacity of 8 MT each were constructed. Total production for the year was 18.9 MT

➔ The remote sensing unit continued to perform accurate digital mapping using drones. As at end 2021, the digital mapping had covered 21,400 ha
➔ Accurate aerial digital mapping provides a base for precision agriculture implementation
➔ A quick overview on land usage, canopy colour/size and overall estate features can be performed via drone mapping
➔ Use of AI technology in palm counting helped to improve palm census efficiency and accuracy

➔ The process of establishing SOPs for new crops; durian, coconut and vegetables - has been initiated in line with planting progress

➔ Despite the MCO, 37 official agronomy reports were produced to ensure estates apply GAP on top of ad-hoc special and casual visits
➔ The Agronomic team also performed feasibility studies on other properties

CHALLENGES AND MITIGATING ACTIONS

Challenges

➔ Increase in agriculture input costs such as fertilisers and chemicals

➔ Lower productivity due to labour shortage

➔ Emergence of low-quality generic chemicals in the market

Mitigating Actions

➔ Participate in symposiums, seminars and training to acquire industry knowledge to be able to recommend the most economic and practical choices to Kulim

➔ Establish contact and collaborate with government research agencies such as MPOB, MARDI and the Malaysian Nuclear Agency, in addition to research collaboration with universities to enhance productivity

➔ Progressively carry out research and screening test of new products

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PLANT BREEDING LABORATORY

OVERVIEW

The primary objective of our Plant Breeding Laboratory is to produce elite planting materials to enhance our palm oil yield.



KEY FOCUS AREAS

- 01 To supply DxP seeds and tenera ramets for Kulim's annual replanting programme
- 02 To create new improved planting material through Plant Breeding R&D
- 03 Outside sales of DxP seeds

KEY INITIATIVES AND ACHIEVEMENTS

Key Initiatives

- ➔ To select and supply elite ortets
- ➔ To select and certify new mother palms
- ➔ To enhance crop security

Achievements

- ➔ A total of 37 SIRIM-certified seed-derived ortets of different genetic backgrounds were selected and provided for Kulim TopPlant in order to produce elite commercial clonal planting materials
- ➔ Another 32 Oil Palm Genetic Laboratory ("OPGL") dura palms were selected from REM seed garden making a total of 294 certified mother palms available for DxP seed production. Historically, this OPGL is the best dura mother palm collection in Malaysia based on results of the Third Round of Malaysian DxP Evaluation conducted by MPOB (1996 – 2005)
- ➔ Coconut Seed Garden for Matag hybrid seeds production was established at Tereh Utara Estate in 2019 while attentive field maintenance of immature parental palms (Malayan Yellow Dwarf and Tagnanan) was successfully carried out in 2021. Field data collection will commence from January 2022
- ➔ Coconut Genebank aimed at specific traits, diversification and future commercial utilisation involving various local and international commercial cultivars such as Aromatic Pandan, Tacunan, Cameroon and Malayan Dwarfs mother palms (Yellow, Red, Green, Brown) besides Tagnanan and Nias green (father palms). The coconut palms, planted around KAC, are being monitored

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CHALLENGES AND MITIGATING ACTIONS

Challenges

- ➔ Oil palm breeding is very time-consuming, taking 10 years to complete one selection cycle
- ➔ To ensure seeds supplied to Kulim are legitimate/pure DxP
- ➔ To provide adequate number of best ortets for tissue culture production

Mitigating Actions

- ➔ Developing pure inbred duras lines in elite dura populations through Single Seed Descend ("SSD") programme to reduce mother palm's selection cycle from 10 years to five years
- ➔ Collaborating with MPOB to ensure the seeds supplied are legitimate/pure DxP through the use of Shell-Kits test
- ➔ Establishing elite DxP trial plot annually to ensure adequate candidates for annual ortet selection and supply

ULU TIRAM CENTRAL LABORATORY ("UTCL")

OVERVIEW

UTCL conducts various chemical and physical tests, focusing mainly on agricultural samples such as soil, fertilisers, foliars, effluent, water, palm oil and latex. UTCL has been ISO/IEC 17025 accredited since 2005. Equipped with the latest instruments to provide fast and reliable laboratory services such as inductive coupled plasma-optical emissions spectrophotometer ("ICP-OES"), Atomic Absorption Spectrophotometer ("AAS"), UV-Vis Spectrophotometer and nitrogen auto analysers, it seeks to become the preferred laboratory for the wider agricultural community.



KEY FOCUS AREAS

- 01 To provide laboratory analytical services on plant, soil, fertiliser, effluent, water, palm oil and latex samples to internal (Kulim's group of estates) and external clients
- 02 To produce fast, reliable and accurate results to enable prompt application and quality claim by clients

KEY INITIATIVES AND ACHIEVEMENTS

Key Initiatives

- ➔ Complete analyses within stipulated target period
- ➔ Ensure renewal of ISO/IEC accreditation
- ➔ Ensure chemists are IKM registered
- ➔ Provide competent person for Certified Environmental Professional in Scheduled Waste Management ("CePSWaM")

Achievements

- ➔ Conducted a total of 96,120 analyses, of which 99.65% were completed on time as compared to 93.23% in 2020
- ➔ Despite MCO, a total of 15,358 samples were analysed in 2021
- ➔ Successfully migrated from ISO/IEC 17025:2005 to ISO/IEC 17025:2017
- ➔ Received IKM Laboratory Excellent Award from Institut Kimia Malaysia ("IKM")
- ➔ Another chemist obtained her IKM license, thus the lab currently has two IKM-registered chemists
- ➔ One chemist completed the course on CePSWaM, as per DOE requirements for the KAC Complex

CHALLENGES AND MITIGATING ACTIONS

Challenges

- ➔ Expensive equipment and maintenance costs
- ➔ Competition on price and service from other laboratories
- ➔ Maintaining current clients while attracting new customers
- ➔ Changing market demand

Mitigating Actions

- ➔ Attract more clients to help allay costs by providing fast results
- ➔ To maintain recognition such as ISO/IEC17025 accreditation and certificates from professional bodies and national agencies (IKM Laboratory Excellent Award)
- ➔ Maintain competitive pricing by increasing the number of samples received
- ➔ Participate in standard testing organisations (proficiency testing) in order to maintain accuracy in test results
- ➔ Keep customer satisfaction level high
- ➔ Expand laboratory scope of services by aligning with market demand

TISSUE CULTURE

OVERVIEW

Tissue culture is the best way to mass-produce elite planting materials. Research in tissue culture conducted in the laboratory is applied to mass production by Kulim TopPlant. Through progressive research, the objective is to develop clones for oil palm planting materials that will help Kulim to achieve higher oil yield per hectare.



KEY FOCUS AREAS

- 01 Produce high quality clonal planting material for Kulim group of estates
- 02 Deliver materials to selected estates in a timely fashion
- 03 Assist estates in taking care of the material in the early nursery stages to minimise losses

KEY INITIATIVES AND ACHIEVEMENTS

Key Initiatives

- ➔ Produce high-yielding tissue culture ramets
- ➔ Introduction of mini chamber in nursery

Achievements

- ➔ Processed 27 SIRIM-certified ortets and produced 133,571 explants
- ➔ Produced 13,242 callus and 13,147 embryogenic callus
- ➔ Produced 110,780 embryoids
- ➔ Produced 68,681 shoots
- ➔ Produced 26,640 rooted plantlets
- ➔ A total of 73,770 ramets were transplanted in pre-nursery
- ➔ A total of 60,000 ramets were sold in 2021
- ➔ Improved the ramet survival rate at hardening stage from 67% to 90%

CHALLENGES AND MITIGATING ACTIONS

Challenges

- ➔ Individual ortets respond differently to treatment or hormones, thus the treatment cannot be fixed and Kulim Top Plant has to find the best formulation for different ortets
- ➔ Risk of ramet loss is very high due to contamination

Mitigating Actions

- ➔ Study new methods such as using bioreactors and liquid culture
- ➔ Improve protocol, discipline and laboratory design based on current requirements
- ➔ Engage prominent consultants for advice and technology transfer
- ➔ Improve current tissue culture protocol for higher amenability (to produce more ramets/cabbage)

OUTLOOK

Kulim expects to produce 1,197,253 MT of FFB in 2022, 4.3% higher than our production in 2021 as production rebounds taking into consideration low cropping in 2021 hence the spill-over of crops from 2021 and normalcy in the entry of foreign workers.

Although fertilisers are projected to cost 15% to 20% more in 2022, high CPO prices are likely to compensate for this. The main challenge will be to ensure the fertilisers are delivered on time.

Moving forward, we will strengthen our presence across the value chain by leveraging our expertise in the plantation sector as well as exploring new opportunities.



BUSINESS REVIEW

AGRO FARMING



KEY FOCUS AREAS

- 01 Intensive farming
- 02 Mono-crop farming
- 03 Pineapple

WHAT WE DO

Agro farming is a new business segment encompassing all the non-oil palm agriculture-related businesses we are involved in. We are expanding our plantation portfolio to include intensive farming and mono-crop farming as well as pineapple to supply quality vegetables and fruit for the Malaysian market.



OVERVIEW

INTENSIVE FARMING

Kulim Agro Farm was established in the third quarter of 2021 to commercialise Kulim's fresh produce as part of the Johor Food Hub Agenda. We have started with the cultivation of cucumbers and luffa for intensive farming. Planting commenced on 10 acres in Ulu Tiram Estate in the fourth quarter of 2021. The farm uses the smart fertigation system which incorporates Internet of Things ("IoT") applications to enhance the management and production of cash crops.

MONO-CROP FARMING

Coconut

In 2020, we established the 100.2 ha Balau Coconut Farm in Kota Tinggi, Johor, where we are growing Pandan, DeeJay Sampurna, Vietnam Green, and Vietnam Brown palms. The target is to grow 173 to 250 palms per ha at the farm, which is managed by our Siang Estate. As the plantation is young, and coconuts bear fruit only from the fifth year onwards, there was no production in 2021.

Durian

We have set up a 100-trees per ha farm in the 7.35 ha Selai Durian Farm in Kluang, Johor, managed by our Selai Estate. As the plantation is young, and durian bear fruit only from the fifth year onwards, there was no production in 2021.

OPERATIONAL PERFORMANCE

- ✓ Harvested a total of 3,763 kg of local cucumber in the first week of the harvesting cycle ended 31 December 2021.
- ✓ JTP Trading Sdn Bhd ("JTP Trading"), Kulim's trading and marketing arm, has expanded and distributed Kulim's fresh produce to Johor Bahru and Klang Valley.
- ✓ We have planted 100.20 ha of different coconut varieties at Balau Coconut Farm.
- ✓ During the year, we planted 7.35 ha of different durian varieties, namely Musang King – D197 (50%), Black Thorn – D200 (30%), IOI – D168 (11%), and Kop Kecil – D99 (9%).

KEY INITIATIVES AND ACHIEVEMENTS/EXPECTED OUTCOMES

Key Initiatives

- ➔ Identify and implement relevant digital and farming technologies for better yields and efficiencies
- ➔ Offer attractive salary (average pay >RM2,200 per month) to attract locals

Achievements/Expected Outcomes

- ➔ Implemented an automated precision watering and fertiliser application system equipped with sensor technology
- ➔ Implemented a fertigation system using the structure and drip irrigation approach
- ➔ Implemented Variable Rate Technology ("VRT") which can be used with farm monitoring and geographic information system ("GIS") tools to enable fine-scale monitoring and mapping of yield and crop data within fields
- ➔ Employ more locals to reduce dependency on foreign labour therefore enjoy greater stability in supply of workers

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AGRO FARMING

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CHALLENGES AND MITIGATING ACTIONS

Challenges

- ➔ Volatility in crop demand and price due to economic downturn, potential oversupply and inability to secure buyers
- ➔ Value chain leakage – lack of trading network and downstream activities
- ➔ Attracting and retaining the right workers
- ➔ Lack of current expertise in horticulture/farming business
- ➔ Perishable items (shorter shelf life)

Mitigating Actions

- ➔ Long-term contract with potential buyers at a reasonable price
- ➔ Leveraging JCorp Group's distribution/retail network and business collaboration with strategic partners
- ➔ Employ more locals to reduce dependency on foreign labour and liaise with local universities to nurture young talents
- ➔ Actively engaging with Agriculture Department, Universiti Putra Malaysia (UPM) and other research agencies with expertise in managing farms
- ➔ To set up a cold room and relevant facility to extend shelf life



PINEAPPLE



OVERVIEW

Our subsidiary, Kulim Pineapple Farm ("KPF"), cultivates 247 ha out of the total of 359 ha of MD2 pineapple farms in Ulu Tiram and Tanah Abang in Mersing, Johor. As of May 2021, the marketing of its downstream products, under the brand of Melita, has been taken over by JTP Trading, a trading and marketing arm of Kulim. All OEM products commercially marketed under Melita brand are Halal-certified by JAKIM. KPF was awarded Malaysia's Best certification by Federal Agricultural Marketing Authority ("FAMA") and authorised to use the "MALAYSIA'S BEST" seal on its products since October 2020.

It also obtained approval from the General Administration of Quality, Supervision, Inspection, and Quarantine of the People's Republic of China ("AQSIQ") for KPF to export fresh pineapples to the Republic of China.

By year-end, KPF also met the Brand Reputation Compliance Global Standards ("BRCGS"), an international benchmark for best practices in the food industry. Meanwhile, KPF is certified with Malaysia Good Agricultural Practice ("myGAP") 2010-2020, Global Good Agricultural Practice ("Global G.A.P") and *Sijil Pengesahan Bahan Tanaman* ("SPBT").

OPERATIONAL PERFORMANCE

- ✓ Production decreased by 34% from 2,316 MT in 2020 to 1,527 MT
- ✓ Total hectareage was maintained at 359 ha

KEY INITIATIVES

KPF continues to collaborate with the Malaysian Pineapple Industry Board ("MPIB") on an Agropreneur B40 programme under which 12 agropreneurs are being trained to cultivate pineapple on 49 ha of leased land from the Johor State Government. Kulim's involvement in this programme is testimony of the government's recognition of our technical expertise in pineapple cultivation.

CHALLENGES AND MITIGATING ACTIONS

Challenges

- ➔ Lack of owned land for expansion programme
- ➔ Shortage of suckers leading to higher procurement price
- ➔ High mortality rate due to bacterial heart rot disease
- ➔ Unavailability of experienced manufacturer resulting in higher OEM processing cost
- ➔ Inconsistent supply and quality of products from the third party
- ➔ Increase in forwarding cost (shipment) for export market
- ➔ Shortage of farm workers due to border closure during the pandemic

Mitigating Actions

- ➔ Collaboration with MPIB, Johor State Government and government-linked companies to identify fallow land for agriculture development
- ➔ To develop own nursery for suckers
- ➔ Revised replanting procedure and introduced new bio-organic treatment to reduce the impact on plants
- ➔ Collaboration with third parties with reasonable processing costs
- ➔ To promote the contract farming concept with technical advice and support
- ➔ Focus on local markets and online sales
- ➔ Recruitment of locals to minimise production loss

OUTLOOK

We seek to further grow our Agro Farming businesses by focusing on high-demand, value products that will provide sustainable revenue as well as profit that will enable Kulim to enhance our cash flow. While leveraging the Group's own business capabilities to expand our operations, we will also seek strategic partnerships with players, including technology experts, from the public and private sectors in order to minimise our new-entrance risk. In the long-term, we seek to establish a high-value agro food brand and establish our position as a flagship organisation that supports the national food security programme.



BUSINESS REVIEW

LIVESTOCK

KEY FOCUS AREAS

- 01 Cattle Integration
- 02 Sheep rearing

WHAT WE DO

We are increasing our cattle population in order to venture into the downstream meat business, as opposed to only using the cattle for weeding purposes. In further enhancing our Livestock operations, we have also embarked on sheep rearing to fill the gap in the local supply of meat.



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LIVESTOCK

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OVERVIEW

In Kulim, cattle have been integrated into our plantations as a means of weed control since 2003. Our cattle help us to manage more than 50 species of undergrowth without the use of chemical sprays or mechanical slashing. Herbicide reduction is not only environmentally-friendly but also helps us to reduce our total weeding costs through decreased use of chemicals and reduced need for labour.

We currently have 7,491 heads of cattle in our estates and are targeting 10,000 heads by 2024. Once we hit this target, we will commercialise the sale of cattle beyond the festive Eid al Adha season. Under our cattle business model, we will manage our own abattoir, processing centre and cold room to expand sustainably.

We have also embarked on a sheep rearing project as Malaysia currently produces less than 15% of domestic demand for meat. Sheep have an advantage over goats because they multiply rapidly, reach maturity faster and can be slaughtered within a year for the religious undertaking. Sheep rearing is also relatively cheap and easy to manage. This new project leverages the expertise of our team comprising veterinarians, animal husbandry personnel and cowboys. Starting with 200 female and 20 male sheep, we aim to have more than 6,000 sheep by 2025.

OPERATIONAL PERFORMANCE

- ✓ During the year, we increased our cattle population by 22.50% to 7,491 heads covering more than 14,000 ha of plantation area.
- ✓ Recorded RM457,742 in profit from selling cattle in 2021.
- ✓ Purchased Santa Ines sheep - 20 rams and 200 ewes – for a pilot sheep breeding project in Basir Ismail Estate.



Cattle Population

↑ 22.50%

7,491 heads

2020: 6,115 heads



Sheep

220 heads

KEY INITIATIVES AND ACHIEVEMENTS/EXPECTED OUTCOMES

Key Initiatives

- ➔ Embarked on a sheep rearing project to meet demand for meat in the country
- ➔ Increased slaughtering capacity at temporary abattoir in Basir Ismail Estate to overcome government restriction on slaughtering animals in mosques during Eid al Adha

Achievements/Expected Outcomes

- ➔ Purchased 220 Santa Ines sheep to be bred in Basir Ismail Estate
- ➔ Will enable our trading unit to offer a better spread of meat products to the market
- ➔ 90 heads of cattle were slaughtered during Eid al Adha in 2021

CHALLENGES AND MITIGATING ACTIONS

Challenges

- ➔ Protecting our employees from COVID-19
- ➔ Labour shortage leading to production losses, especially in livestock production
- ➔ MCO restrictions meant animals could be moved only from farm to abattoir; no movement for breeding purposes allowed
- ➔ Increased cost of feeding cattle
- ➔ Outbreaks of lumpy skin disease and foot and mouth disease

Mitigating Actions

- ➔ Educate general workers about the pandemic
- ➔ Supply PPE (masks and hand sanitisers)
- ➔ Encourage workers to get vaccinated against the virus
- ➔ Introducing attractive incentives to beef up workforce
- ➔ Maintained our cattle breeding programme with proper breeding system
- ➔ Breeding animals – rotate bulls between herds
- ➔ Utilisation of agricultural waste (such as pineapple rind, crowns, pulp and cores) and by-products from oil palm mills (such as decanter cakes) as animal feed
- ➔ Undertake scheduled vaccination and health programme to keep livestock healthy



OUTLOOK

The number of livestock in Malaysia has been increasing except for buffaloes, sheep and swine. However, production has decreased except for poultry meat, chicken/duck eggs as well as fresh milk. The decline in some commodities has been attributed to dampened demand by restaurants, eateries and hotels that were closed or operated with restricted hours during the pandemic. Moving forward, we seek to develop a presence in the entire value chain for Halal meat for the local and export markets.



BUSINESS REVIEW

TRADING & SERVICES

KEY FOCUS AREA

- 01 Trading of agricultural products

WHAT WE DO

Through Trading & Services, we market the entire range of Kulim's agricultural products – from fruit and vegetables to fresh meat and cattle livestock.

JTP TRADING SDN BHD ("JTP TRADING")

OVERVIEW

As of 1 May 2021, Kulim has reactivated JTP's trading activities to include all of Kulim's agricultural products such as fruit, vegetables, fresh meat and cattle livestock.

Headquartered in Ulu Tiram, Johor, JTP Trading has distribution centres in Ulu Tiram – for the Southern Region, Seri Kembangan, Kuala Lumpur – for the Central Region, and Kuantan – for the East Coast Region. The company is also looking to develop distribution centres in the Northern Region and East Malaysia (Sabah and Sarawak) and to appoint direct agents to explore more markets nationwide.

FINANCIAL PERFORMANCE

In 2021, the company generated revenue of RM6.4 million, an increase of 61% compared to RM2.5 million in 2020. PBT grew in tandem with revenue but was moderated by higher administration expenses to reactivate the company, hence came in at a 4.5% increase to RM0.61 million compared to RM0.58 million in 2020.

OUTLOOK

Due to the challenging market, and especially competition from established companies, JTP plans to diversify into the production of finished products such as pineapple juice and sliced pineapple, which will be retailed at outlets such as Kedai Ayamas, mini markets, etc. The company also seeks other farming projects to increase the volume and variety of Agri products to supply to the Johor Food Hub projects. JTP Trading also has plans to enhance Kulim's branding by introducing a new brand for all of the Group's agricultural products.

OTHER SERVICES



KEY FOCUS AREAS

- 01 IT Systems Integrator ("SI")
- 02 Training and OSH related services
- 03 Palm oil Nursery and other related services
- 04 Dealer in agricultural machinery and parts

WHAT WE DO

Other Services comprises various entities that were set up to diversify Kulim's business and, in some instances, provide support services to our core operations. However, as we are streamlining our business, we have been divesting companies in this portfolio that no longer fit into the Group's strategic vision, or merging them into our core operations.

EXTREME EDGE SDN BHD ("EESB")

OVERVIEW

Incorporated on 1 January 2010, EESB is an IT solutions integrator that focuses on providing IT networking and infrastructure, maintenance and support, managed services, website and web application development, system integration and supply of software and hardware. Its mission is to become a leading business performance enhancer in Malaysia's competitive Information and Communications Technology ("ICT") landscape.



REVENUE

↑ 8%

RM17.13

Million

FY2020: RM15.86 Million

FINANCIAL PERFORMANCE

During the financial year under review, EESB Group generated revenue of RM17.13 million, representing an increase of 8% from RM15.86 million in 2020. This was due to various pandemic-related challenges, resulting in higher demand for IT hardware alongside a global shortage of electronic devices, causing prices to increase for IT devices and services globally. Meanwhile, PBT decreased to RM1 million from RM1.64 million in 2020.

OUTLOOK

Given the emergence of the Omicron virus, continued mobility restrictions and rising energy prices, IT deliverables are threatened by delays and disruptions in the supply of electronic parts. The price of IT goods and services is therefore expected to increase by between 10% and 20% in the year 2022.

With the current challenges and a highly competitive market, EESB has taken a step back to re-strategise its approach and bring new focus to future opportunities. In line with the Group's digitalisation agenda, EESB has started looking for technology partners and business opportunities focusing on specialities such as building system integration, IoT, automation and remote sensing for agricultural processes while still delivering IT trading and services.

KULIM SAFETY TRAINING & SERVICES SDN BHD ("KSTS")

OVERVIEW

KSTS was incorporated on 1 January 2013 as a subsidiary of Kulim's wholly-owned EPA Management Sdn Bhd. Guided by "Safety Makes a Difference" as its motto, KSTS specialises in Occupational Safety and Health ("OSH") services, with emphasis on OSH training, human resources development, motivation and quality-related fieldwork. KSTS also offers advisory services in Occupational Health and Safety Management Systems ("OHSAS 1800"), fire safety and the ISO Quality Management System.

In addition, KSTS provides noise monitoring, gas testing and fire safety services. It also organises on-site medical officer visits and medical screenings for foreign workers on behalf of the Foreign Workers Medical Examination Monitoring Agency ("FOMEMA"). During the pandemic, KSTS included sanitation and disinfection services into its portfolio of service offerings.

FINANCIAL PERFORMANCE

The company recorded a 18.34% increase in revenue to RM5.42 million compared to RM4.58 million in 2020. Its revenue growth was mainly due to projects secured within the Group, such as with Kulim Green Energy Ventures, Sindora POM and Sedenak POM. Concurrently, PBT grew by 42.50% to RM1.14 million compared to RM0.8 million in 2020.



REVENUE

↑ 18.34%

RM5.42

Million

FY2020: RM4.58 Million

PBT

↑ 42.50%

RM1.14

Million

FY2020: RM0.80 Million

OUTLOOK

The company is dedicated to providing the finest service to both internal and external customers. Aside from its primary business, it aims to boost its revenue by offering training services. KSTS relocated to Kulim Training Centre in July 2021 to align its operations with the organisation's goals and objectives. Additionally, KSTS has introduced a new event management and facilities unit to maximise the use of space within the Group and to increase revenue-generating opportunities.

KULIM NURSERY SDN BHD ("KNSB")

OVERVIEW

KNSB, located in the district of Kulai, Johor, was incorporated in January 2009. In addition to supplying oil palm seedlings, KNSB offers landscaping services, ornamental plants, compost and fertilisers under the brand BIONIK. Guided by its motto "Let's Green the Earth", KNSB aims to become a leading supplier of oil palm seedlings, supported by technically qualified personnel.

FINANCIAL PERFORMANCE

KNSB's revenue decreased by 18.26% from RM8.05 million in 2020 to RM6.58 million, mainly due to an almost 50% decline in sales of oil palm seedlings. It also saw its PBT contract by 248% from RM0.21 million in 2020 to a loss of RM0.31 million. This was caused by the impairment of oil palm stocks in Pasak nursery.

OUTLOOK

KNSB is collaborating with the Johor Forestry Department and various chain stores – such as DIY, Ninso and Eco-Shop – to expand its market for Bio-Kompos, Bionik Smart Soil and Bionik Baja products in the government and private sectors. Given an anticipated increase in market demand, it is also looking at technology upgrades, especially for its smart soil processing machines and packaging machines. In terms of business growth, KNSB is participating in external landscaping tenders in collaboration with appointed landscape architects and consultants while submitting new vendor registrations to broaden its customer base. For germinated seeds and seedlings, KNSB plans to collaborate with private companies while prioritising Kulim Seeds. Banking on these initiatives, it expects to increase its revenue by between 10% and 15% in 2022.



REVENUE

↑ 33.46%

RM17.71 Million

FY2020: RM13.27 Million



PBT/(LBT)

↑ >100%

RM0.43 Million

FY2020: (RM1.09) Million



EDARAN BADANG SDN BHD ("EBSB")

OVERVIEW

EBSB supplies agricultural players with a wide range of products, including machinery and equipment. It seeks to establish strong relationships with its customers in order to understand their needs and offer the best personalised solutions to enhance its operations.

FINANCIAL PERFORMANCE

The company's revenue was impacted by lower sales of mechanical buffalo units – 312 units as compared to a target of 328 units – leading to a lower than expected revenue of RM17.71 million. Nevertheless, it achieved a turnaround with a PBT of RM0.43 million as compared to an LBT of RM1.09 million in 2020. This was mainly due to impairment for bad debts in 2020 as well as enhanced productivity in 2021.

OUTLOOK

As the palm oil industry is expected to continue to enjoy high CPO and PK prices in 2022, the outlook for EBSB looks similarly promising. To fully capitalise on a bullish market, it will intensify its focus on offering cutting-edge machinery that will truly enhance plantation operations. This will be supplemented by the supply of readily available spare parts and the provision of quality after-sales service.

BUSINESS REVIEW

TRADING & SERVICES

KULIM
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BERHAD

OIL & GAS



KEY FOCUS AREAS

- 01 Provision of Non-Destructive Testing ("NDT"), Fabrication and Pipe Milling Services
- 02 Marine Transportation and Related Services
- 03 Upstream Oil and Gas Activity in Indonesia

WHAT WE DO

We are involved in the provision of support services for the oil and gas industry, including the transport of clean petroleum products and the fabrication of pipelines. We had also made an investment in the upstream oil and gas sector in Indonesia; however, are in the process of reversing the deal in line with the Group's strategy of divesting our non-core businesses.

As part of our business restructuring, we are gradually phasing out our oil and gas business and are in the process of divesting companies in this portfolio.

E.A. TECHNIQUE (M) BERHAD ("EA TECH")

OVERVIEW

A public listed company since 11 December 2014, EA Tech is a marine vessel operator involved primarily in marine transportation and offshore storage of oil and gas, and the provision of marine port as well as marine engineering services. Its activities are supported by a shipyard in Hutan Melintang, Perak which has capabilities in shipbuilding, ship repairs and minor fabrication works.

OPERATIONAL PERFORMANCE

EA Tech was awarded the following contracts under its Marine Transportation Services:

- ✓ Nautica Renggam: Short-term contract (six months with the possibility of six-month extensions) by PETCO Trading Labuan Company Limited ("PTLCL") for the provision of a clean product tanker.
- ✓ Nautica Renggam: Spot charter with a total value of USD796,000 for eight shipments covering Malaysian Near Coastal Trade Limits.
- ✓ Nautica Kota Tinggi: Spot charter for PTLCL from February until May 2021, serving one shipment for PT AKR Corporindo TBK from Singapore to Surabaya.
- ✓ Nautica Kota Tinggi: Short-term contract by PTLCL to serve as a substitute vessel for Nautica Pontian 2 for two + one month + one month extension starting August 2021 until Nautica Pontian 2 is delivered.
- ✓ Nautica Tg. Puteri XXX: One-year contract to serve Surya Nautica Sdn Bhd as a bareboat charter from 1 November 2021 until 31 October 2022.

Extensions:

- VESTIGO Petroleum Sdn Bhd exercised a two to two year extension for FSU Nautica Tembikai vide a Letter of Extension and Continuation of Contract dated 6 December 2020 and 13 September 2021.
- Integrated Logistics Control Tower ("ILCT") programme exercised a firm one-year extension for Nautica Gambir from 28 August 2021 to 17 August 2022.

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OUTLOOK

EA Tech closed the financial year 2021 with an order book of approximately RM354.95 million, with an additional RM275.83 million for an optional extension period. Several of its contracts have been extended, attesting to the Group's good standing and reputation. These included contracts signed with Naka Bayu Sdn Bhd, Sungai Udang Port Sdn Bhd and PTLCL. As the operating environment improves, EA Tech is hopeful of securing new contracts in Malaysia and beyond. However, the company is being held for sale along with other companies in our Oil & Gas portfolio.

DANAMIN (M) SDN BHD ("DANAMIN")

OVERVIEW

Danamin has been providing professional non-destructive testing and inspection services for more than 25 years mainly covering the oil and gas industry. It has been accredited by Bureau Veritas for its Integrated Management System consisting of ISO 9001:2015 (Quality), ISO 14001:2015 (Environment) and ISO 45000:2018 (Safety and Health).

The Company is headquartered in Pasir Gudang with branch offices in Pengerang, Paka and Sungai Udang staffed by a team committed to an enhanced level of service delivery.

Danamin is currently serving a contract for Inspection and Corrosion Monitoring Services for the PETRONAS Group of Companies covering land facilities in Peninsular Malaysia.

The Company has also been involved in maintenance work since 2014. Its seven-acre yard in Bandar Penawar provides various services including fabrication, blasting and painting, and post-weld heat treatment ("PWHT").

OPERATIONAL PERFORMANCE

PETRONAS recognised Danamin for outstanding contributions, commitment and achievements in Health, Safety and Environment ("HSE") on 7 November 2021.

OUTLOOK

Danamin has strategic plans to penetrate the non-Oil and Gas market in Pasir Gudang, Tebrau and Senai. It will also pursue NDT and inspection services for palm oil mills, PWHT and tank maintenance at PETRONAS' Refinery and Petrochemical Integrated Development ("RAPID") in Pengerang, Johor as a new revenue stream.

Danamin is, however, one of the businesses that have been identified to be divested as part of Kulim's strategic direction to focus on our core businesses. Kulim is currently negotiating a deal on the divestment.

PT CITRA SARANA ENERGI ("PT CSE")

OVERVIEW

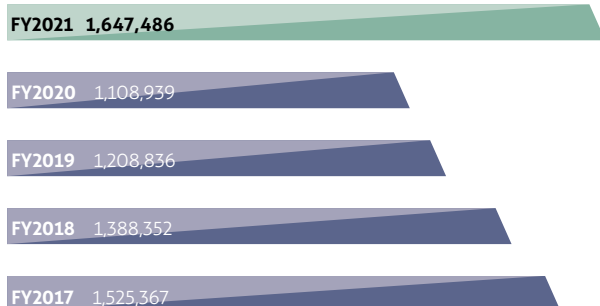
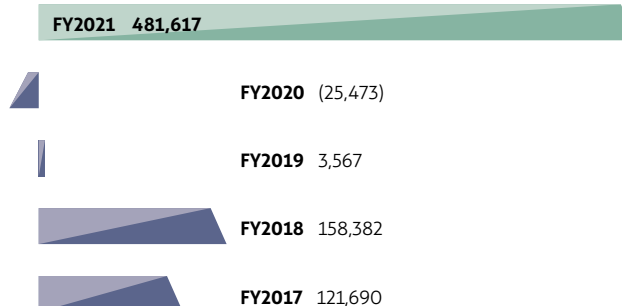
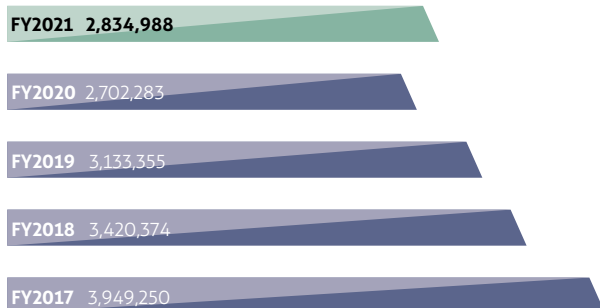
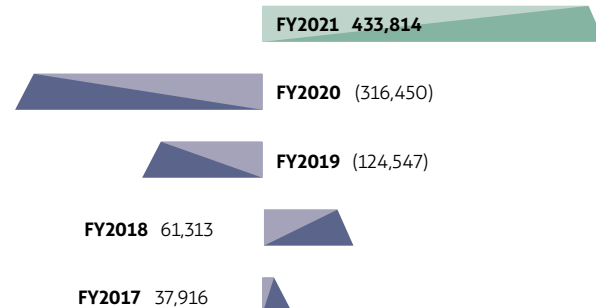
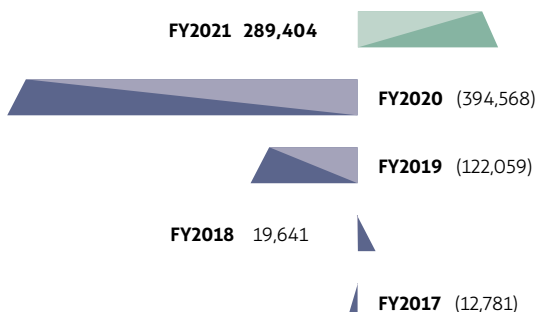
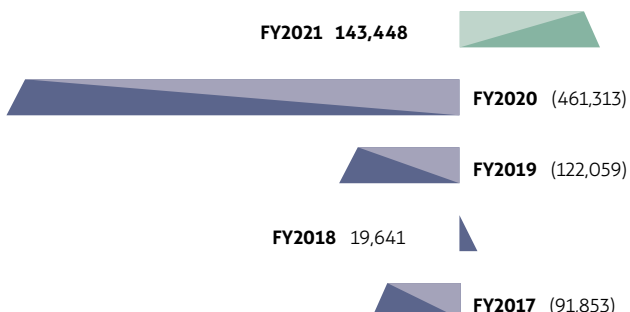
PT CSE is an Indonesian upstream oil and gas company, which has been awarded a Production Sharing Contract ("PSC") from the Indonesian Government to develop the South West Bukit Barisan ("SWBB") field located onshore in the West Sumatera Province.

Following approval by the Indonesian Government of the first Plan of Development ("POD-1") for the Sinamar area of SWBB PSC in 2018, PT CSE has embarked on development works at Sinamar.

OUTLOOK

PT CSE has been identified as one of the non-core assets to be divested as part of Kulim's strategic direction to focus on our core businesses. Kulim is currently negotiating a deal on the divestment.

5-YEAR FINANCIAL HIGHLIGHTS

KULIM
(MALAYSIA)
BERHADRevenue
(RM'000)Profit/(Loss) from Continuing Operations
(RM'000)Shareholders' Equity
(RM'000)Profit/(Loss) before Tax and Zakat from Continuing Operations
(RM'000)Profit/(Loss) for the Financial Year
from Continuing Operations
(RM'000)Profit/(Loss) for the Financial Year
(RM'000)

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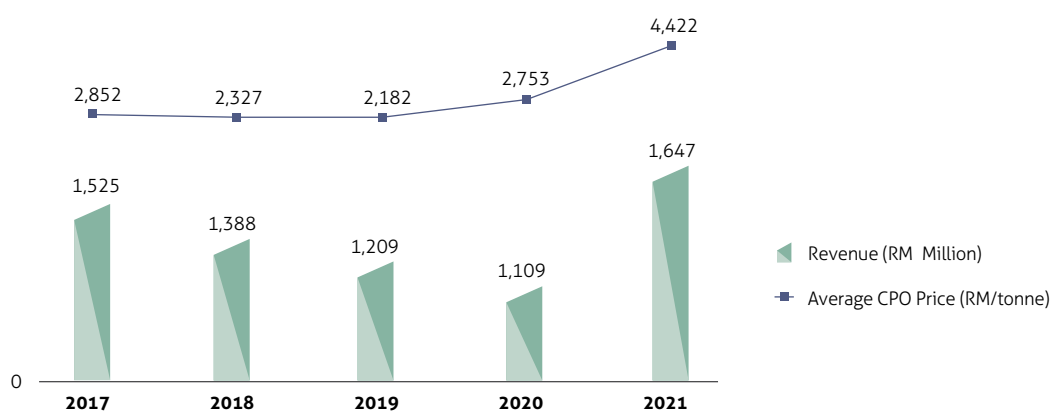
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5-YEAR FINANCIAL SUMMARY

	2021	2020	2019	2018	2017
STATEMENTS OF COMPREHENSIVE INCOME HIGHLIGHTS (RM'000)					
Revenue	1,647,486	1,108,939	1,208,836	1,388,352	1,525,367
Segment revenue:					
Plantation (%)	94	92	69	61	67
Intrapreneur Ventures (%)	2	2	3	3	4
Others (%)	4	7	28	36	29
Profit/(Loss) from continuing operations	481,617	(25,473)	3,567	158,382	121,690
Segment profit/(loss) from continuing operations:					
Plantation (%)	99.83	83	1,318	54	201
Intrapreneur Ventures (%)	0.17	(1)	6	1	(1)
Others (%)	(0.003)	19	(1,223)	45	(99)
Interest income	21,785	24,800	20,157	7,728	3,871
Finance costs	(69,181)	(90,782)	(100,511)	(92,133)	(88,197)
Share of results of associates and joint venture, net of impairments	(407)	(224,995)	(47,760)	(12,664)	552
Profit/(Loss) before tax and zakat from continuing operations	433,814	(316,450)	(124,547)	61,313	37,916
Tax	(140,295)	(75,448)	5,788	(38,172)	(47,197)
Zakat	(4,115)	(2,670)	(3,300)	(3,500)	(3,500)
Profit/(Loss) for the financial year from – Continuing operations	289,404	(394,568)	(122,059)	19,641	(12,781)
– Discontinued operations	(145,956)	(66,745)	–	–	(79,072)
Profit/(Loss) for the financial year	143,448	(461,313)	(122,059)	19,641	(91,853)
Attributable to:					
Equity holders of the Company	237,444	(376,752)	(110,286)	(39,193)	8,619
Non-controlling interests	(93,996)	(84,561)	(11,773)	58,834	(100,472)
Profit/(Loss) for the financial year	143,448	(461,313)	(122,059)	19,641	(91,853)

Group 5-Year Revenue vs Average CPO Price



PERFORMANCE REVIEW

5-YEAR FINANCIAL SUMMARY

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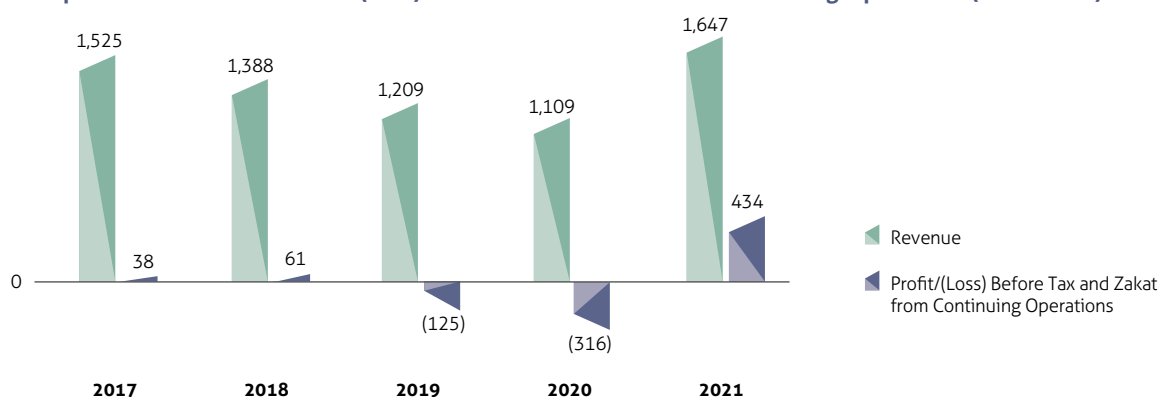
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	2021	2020	2019	2018	2017
STATEMENTS OF FINANCIAL POSITION HIGHLIGHTS (RM'000)					
Other non-current assets	4,422,939	5,223,858	5,984,043	5,715,171	5,694,503
Intangible assets	–	1,764	7,498	27,415	26,905
Total Non-Current Assets	4,422,939	5,225,622	5,991,541	5,742,586	5,721,408
Other current assets	673,562	652,224	535,085	472,350	751,974
Cash and bank balances	142,164	170,230	169,932	252,454	325,470
Assets classified as held for sale	722,290	90,404	–	–	–
Total Current Assets	1,538,016	912,858	705,017	724,804	1,077,444
	5,960,955	6,138,480	6,696,558	6,467,390	6,798,852
Other current liabilities	724,368	598,054	474,058	403,045	566,931
Borrowings	115,647	321,330	331,547	800,022	506,895
Liabilities of disposal group classified as held for sale	441,810	–	–	–	–
Total Current Liabilities	840,015	919,384	805,605	1,203,067	1,073,826
Other long-term liabilities	595,435	587,705	607,683	654,234	406,663
Borrowings	1,762,984	1,906,197	2,050,339	1,081,371	1,253,253
Total Non-Current Liabilities	2,358,419	2,493,902	2,658,022	1,735,605	1,659,916
	3,198,434	3,413,286	3,463,627	2,938,672	2,733,742
Equity attributable to holders of the Company					
Share capital	1,000	1,000	1,000	1,000	1,000
Reserves	(15,154)	(28,675)	(26,395)	(49,662)	51,394
Retained earnings	2,852,402	2,729,958	3,158,750	3,469,036	3,896,856
	2,838,248	2,702,283	3,133,355	3,420,374	3,949,250
Reserves of disposal group classified as held for sale	(3,260)	–	–	–	–
Shareholders' equity	2,834,988	2,702,283	3,133,355	3,420,374	3,949,250
Non-controlling interests	(72,467)	22,911	99,576	108,344	115,860
Total Equity	2,762,521	2,725,194	3,232,931	3,528,718	4,065,110
	5,960,955	6,138,480	6,696,558	6,467,390	6,798,852

Group 5-Year Revenue vs Profit/(Loss) Before Tax and Zakat from Continuing Operations (RM million)

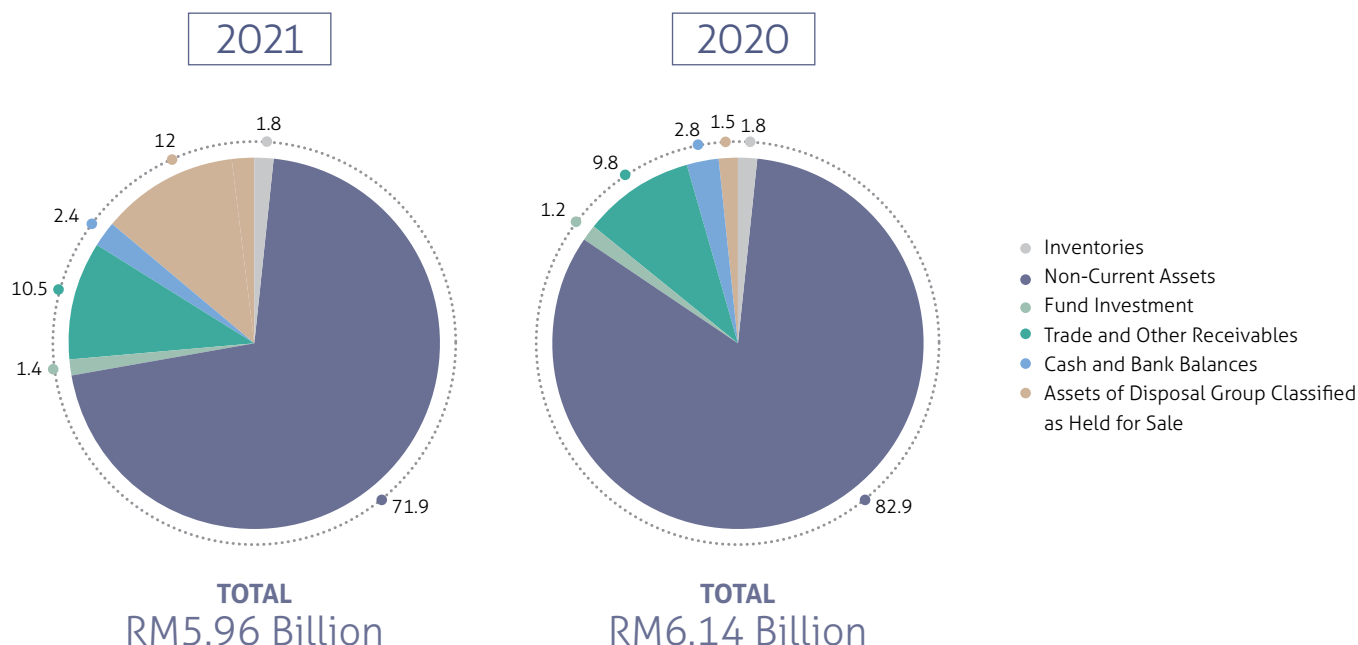


5-YEAR FINANCIAL SUMMARY

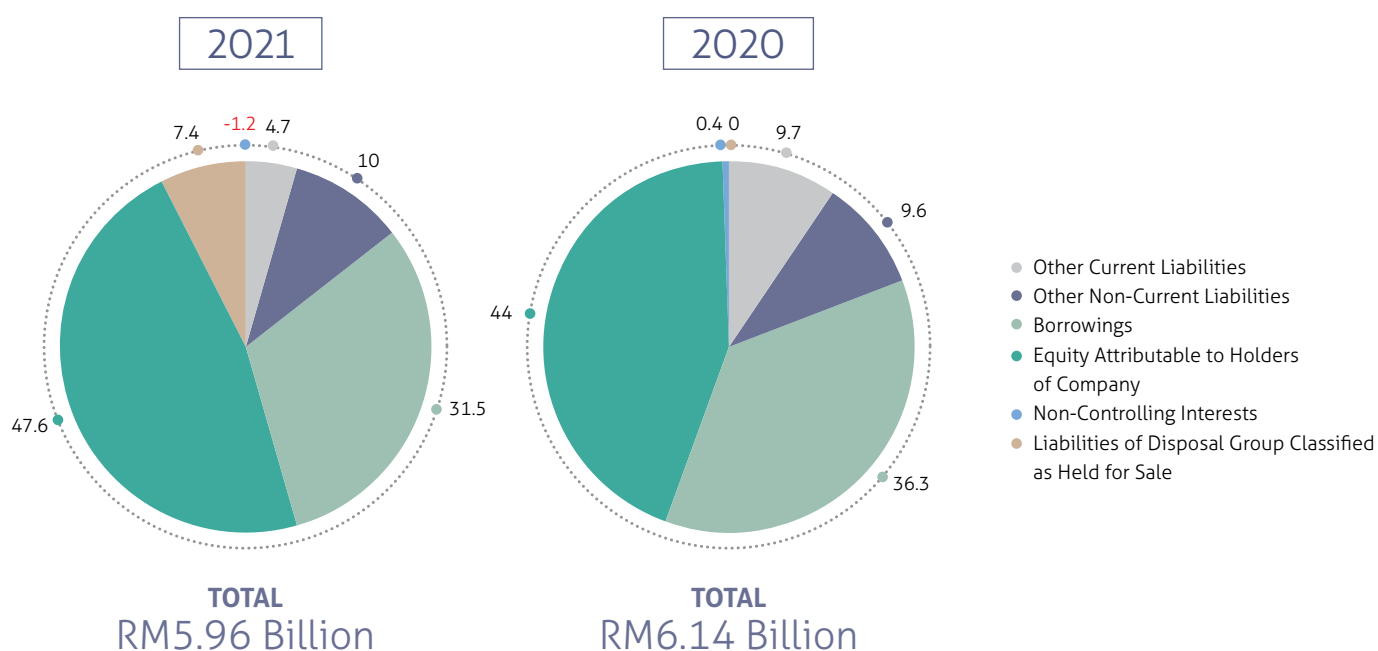
	2021	2020	2019	2018	2017
STATEMENTS OF CASH FLOWS HIGHLIGHTS (RM'000)					
Net cash flows generated from operating activities	428,491	608,358	300,022	227,679	399,230
Net cash flows used in investing activities	(123,347)	(272,786)	(554,015)	(159,891)	(29,146)
Net cash flows (used in)/generated from financing activities	(315,019)	(335,598)	160,469	(140,596)	(388,311)
Net change in cash and cash equivalents	(9,875)	(26)	(93,524)	(72,808)	(18,227)
KEY FINANCIAL INDICATORS					
Profitability and Returns					
Operating profit margin (%)	29.23	(2.30)	0.30	11.41	7.98
PBTZ margin (%)	26.33	(28.54)	(10.30)	4.42	2.49
PATMI margin (%)	14.41	(33.97)	(9.12)	(2.82)	0.57
Return on average shareholders' equity (%)	8.58	(12.91)	(3.37)	(1.06)	0.22
Return on average capital employed (%)	4.59	(6.78)	(1.98)	(0.71)	0.15
Net assets per share (RM)	708.75	675.57	783.34	855.09	987.31
Solvency and Liquidity					
Gearing ratio (times)					
– Gross	0.68	0.82	0.74	0.53	0.43
– Net	0.63	0.75	0.68	0.46	0.36
Interest cover (times)	7.27	(2.49)	(0.24)	1.67	1.43
Current ratio (times)	1.83	0.99	0.88	0.60	1.00
Financial Market					
EPS (sen)					
– basic	5,936.10	(9,418.80)	(2,757.15)	(979.83)	215.48
– diluted	–	–	–	–	–
Gross dividend per share (sen)	28.75	13.01	50.00	37.50	12.50
Gross dividend rate (%)	120	54	208	156	52

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

TOTAL ASSETS (%)



TOTAL EQUITY & LIABILITIES (%)



STATEMENT OF VALUE ADDED



→ **Revenue**
RM1.65 Billion
 FY2020: RM1.11 Billion



→ **Finance Cost**
RM69.18 Million
 FY2020: RM90.78 Million



→ **Purchase of Goods & Services**
RM0.85 Billion
 FY2020: RM0.82 Billion



→ **Share of Results of Associate & JV, Net Loss of Impairments**
RM0.41 Million
 FY2020: RM225 Million



→ **Other Income**
RM70.25 Million
 FY2020: RM60.15 Million



→ **Value Added Available for Distribution**
RM793.49 Million
 FY2020: RM32.39 Million

STATEMENT OF VALUE DISTRIBUTED

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Taxation

RM140.30
Million

FY2020 RM75.45 Million

Zakat

RM4.12
Million

FY2020: RM2.67 Million

SHAREHOLDERS



Dividend

RM150
Million

FY2020: RM52.04 Million



Staff Costs

RM238.10
Million

FY2020: RM241.54 Million

EMPLOYEES

RETAINED



Amortisation & Depreciation of

- Property, plant & equipment
- Right-of-use assets

RM121.58
Million

FY2020: RM107.30 Million

Accumulated Profit/(Loss)

RM139.40
Million

FY2020: (RM446.61) Million

HUMAN CAPITAL STATISTICS

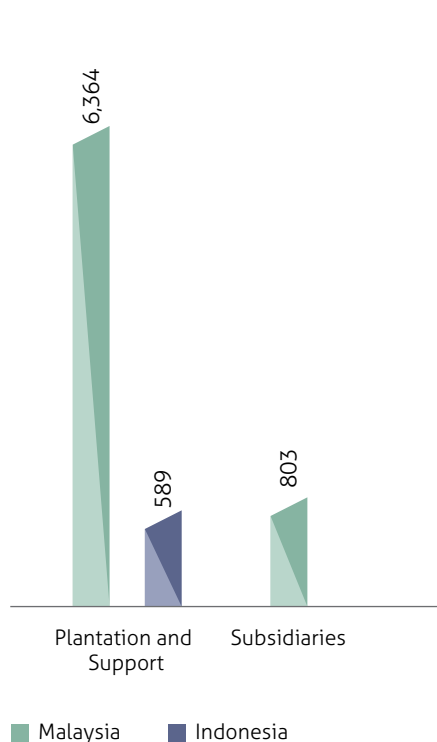
As at 31 December 2021

NUMBER OF EMPLOYEES

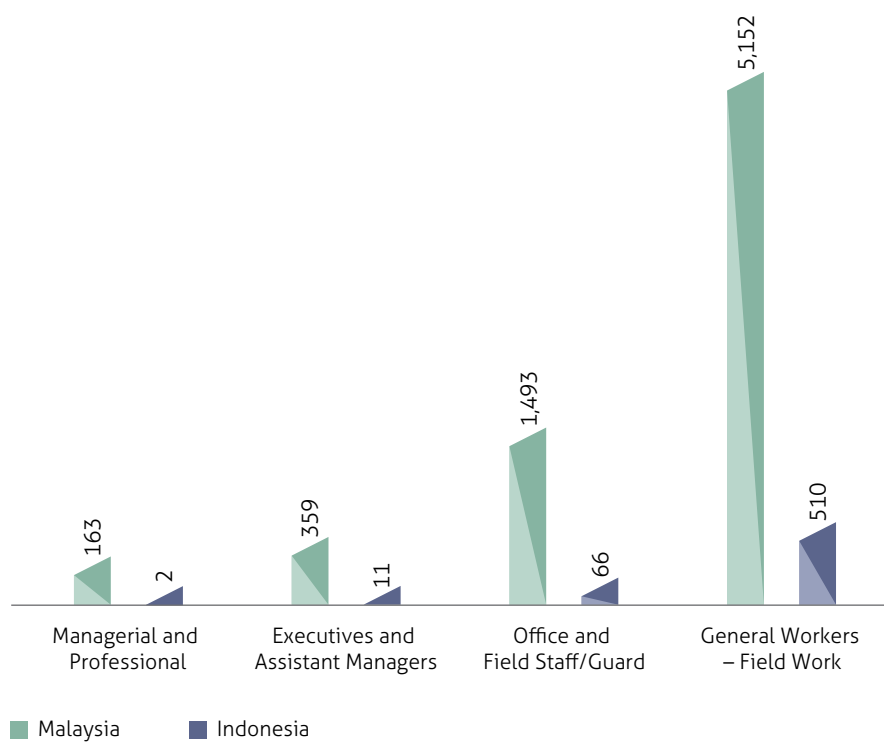
Division	BY DIVISION		
	Malaysia	Indonesia	Total
	Continued Operations		
Plantation and Support	6,364	589	6,953
Subsidiaries	803	–	803
	7,167	589	7,756

Category	BY CATEGORY		
	Malaysia	Indonesia	Total
	Continued Operations		
Managerial and Professional	163	2	165
Executives and Assistant Managers	359	11	370
Office and Field Staff/Guard	1,493	66	1,559
General Workers – Field Work	5,152	510	5,662
	7,167	589	7,756

By Division (No. of employees)



By Category (No. of employees)



5-YEAR PLANTATIONS STATISTICS

MALAYSIA

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MALAYSIA					
	2021	2020	2019	2018	2017
OIL PALM					
Production (MT)					
FFB produced – Processed by own mills	1,030,864	1,131,887	894,765	902,764	952,278
FFB produced – Sold to others	4,478	13,203	12,423	17,080	42,851
Total FFB produced	1,035,342	1,145,090	907,188	919,844	995,129
Purchased FFB – External suppliers	378,273	362,875	366,443	402,523	312,962
Total FFB processed	1,419,613	1,501,949	1,430,514	1,459,331	1,467,696
Crude palm oil	295,747	316,066	309,867	306,484	299,981
Palm kernel	75,867	79,711	77,108	78,995	79,071
Crude palm oil (delivered)	295,887	316,840	334,666	285,847	288,574
Palm kernel (delivered)	75,892	79,717	77,256	79,286	79,003
Yield and Extraction Rates					
YPH (MT/ha)	20.11	22.93	21.69	22.13	23.98
OER (%)	20.83	21.04	21.66	21.00	20.44
KER (%)	5.34	5.31	5.39	5.41	5.39
Average Selling Price (RM per MT)					
Crude Palm Oil (locally delivered)	4,422	2,753	2,182	2,327	2,852
Palm Kernel (ex-mill)	2,887	1,625	1,289	1,792	2,427
AREA STATEMENT (HECTARES)					
Oil palm					
– mature	50,808	49,945	41,819	41,556	41,497
– immature	4,988	6,202	5,411	5,703	5,601
Planted area	55,796	56,147	47,230	47,259	47,098
Other crops:					
Sentang	12	12	12	12	12
Pineapple	247	268	290	220	200
Coconut	100	100	–	–	–
Cucumber	2	–	–	–	–
Luffa	2	–	–	–	–
Durian	7	–	–	–	–
Planted area	56,166	56,527	47,532	47,491	47,310
Reserve land, building sites, etc	3,898	3,537	3,319	3,503	3,684
Titled area	60,064	60,064	50,851	50,994	50,994

5-YEAR PLANTATIONS STATISTICS INDONESIA

INDONESIA					
	2021	2020	2019	2018	2017
AREA STATEMENT (HECTARES)					
Oil palm	7,362	3,722	2,807	2,814	3,524
– mature	–	3,640	5,464	5,531	4,821
– immature	7,362	7,362	8,271	8,345	8,345
Planted area					
Undeveloped Land	7,085	7,149	6,240	6,166	6,166
Total area with HGU*	14,447	14,511	14,511	14,511	14,511
Total area with IUP#	21,300	21,300	23,700	23,700	23,700

- 1 The decrease in planted area was due to:
 - a. PT RAJ – Total 980 ha has been designated as wetlands (per year average six months under water) and the area is excluded from planted hectares. The planted area reduced from 5,228 ha to 4,248 ha.
 - b. PT TPR – Planted acreage increased from 3,044 ha due to supplying vacant area of 70.70 ha in field P11 and P13 (included planted hectare).
- 2 Decrease in total and undeveloped land by 64.13 ha due to land handover to government for highway project from Pematang Panggang Kayu Agung w.e.f January 2021.
- 3 The decrease in IUP area was due to:
 - a. Automatic expiry of 2,400 ha of Plasma IUP land as it had not been cultivated for years.
 - b. 40,000 ha of land in IUP Muara Teweh, Kalimantan had not been renewed due to cessation of operations.

* HGU - Hak Guna Usaha

IUP - Izin Usaha Perkebunan

LEADERSHIP

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KULIM

a JCORP Company

www.kulim.com



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BOARD OF DIRECTORS

CHAIRMAN/NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Dr. Ismail Bakar

MANAGING DIRECTOR

Mohd Faris Adli Shukery

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mohd Nordin Jamaludin

Shamsul Anuar Abdul Majid
(Alternate Director: Nina Sapura Rahmat)

Dato' Sr. Hisham Jafrey

INDEPENDENT NON-EXECUTIVE DIRECTOR

Kandasamy A/L Kanny

Abdullah Abu Samah

Fawzi Ahmad

Mohd Fazillah Kamaruddin

BOARD NOMINATION AND REMUNERATION COMMITTEE ("BNRC")

Chairman

Tan Sri Dr. Ismail Bakar

Non-Independent Non-Executive Director

Member

Fawzi Ahmad

Independent Non-Executive Director

Mohd Nordin Jamaludin

Non-Independent Non-Executive Director

Mohd Fazillah Kamaruddin

Independent Non-Executive Director

BOARD INVESTMENT COMMITTEE ("BIC")

Chairman

Dato' Sr. Hisham Jafrey

Non-Independent Non-Executive Director

Member

Shamsul Anuar Abdul Majid

Non-Independent Non-Executive Director

Kandasamy A/L Kanny

Independent Non-Executive Director

Abdullah Abu Samah

Independent Non-Executive Director

Mohd Fazillah Kamaruddin

Independent Non-Executive Director

BOARD AUDIT AND RISK COMMITTEE ("BARC")

Chairman

Abdullah Abu Samah

Independent Non-Executive Director

Member

Dato' Sr. Hisham Jafrey

Non-Independent Non-Executive Director

Fawzi Ahmad

Independent Non-Executive Director

BOARD TENDER COMMITTEE ("BTC")

Chairman

Fawzi Ahmad

Independent Non-Executive Director

Member

Mohd Faris Adli Shukery

Managing Director

Kandasamy A/L Kanny

Independent Non-Executive Director

REGISTERED OFFICE

Level 11, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor Darul Takzim, Malaysia

PRINCIPAL PLACE OF BUSINESS

Ulu Tiram Estate
81800 Ulu Tiram
Johor Darul Takzim, Malaysia
Tel : +607-861 1611
Fax : +607-861 1701

SECRETARIES

Sabarudin Harun
MIA 30423

Afiq Izat Jusoh
LS 0010354

AUDITORS

Ernst & Young
B-15, Medini 9
Persiaran Medini Sentral 1
Bandar Medini Iskandar
79250 Iskandar Puteri
Johor Darul Takzim, Malaysia

WEBSITE

www.kulim.com.my



PRINCIPAL BANKERS

- Ambank Islamic Berhad
- Bank Islam Malaysia Berhad
- CIMB Islamic Bank Berhad
- Malayan Banking Berhad
- RHB Islamic Bank Berhad
- United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

GROUP'S LISTING ENTITY

E.A. Technique (M) Berhad



STOCK EXCHANGE

Main Market – Bursa Malaysia
Securities Berhad



LISTED SINCE

11 December 2014

STOCK CODE

5259

BOARD OF DIRECTORS

KULIM
(MALAYSIA)
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**TAN SRI DR. ISMAIL
BAKAR**
Chairman/
Non-Independent
Non-Executive Director

MOHD FARIS ADLI SHUKERY
Managing Director

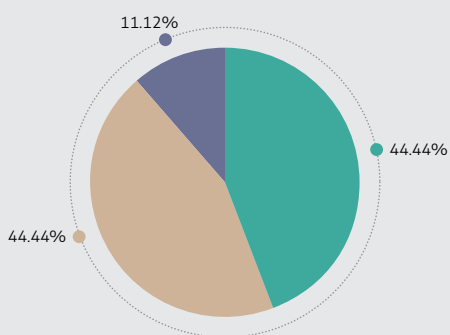
MOHD NORDIN JAMALUDIN
Non-Independent
Non-Executive Director

**SHAMSUL ANUAR
ABDUL MAJID**
Non-Independent
Non-Executive Director

BOARD OF DIRECTORS

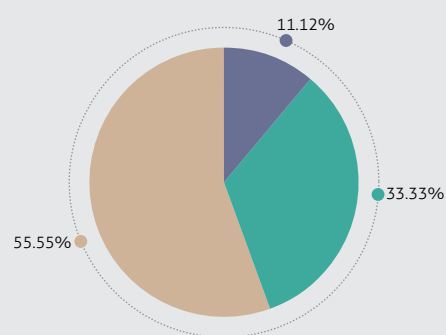
BOARD DIVERSITY

COMPOSITION



● Independent Non-Executive ● Non-Independent Non-Executive
● Managing Director

AGE



● 41 – 50 ● 51 – 60 ● >61

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DATO' SR. HISHAM JAFREY
Non-Independent
Non-Executive Director

KANDASAMY A/L KANNY
Independent
Non-Executive Director

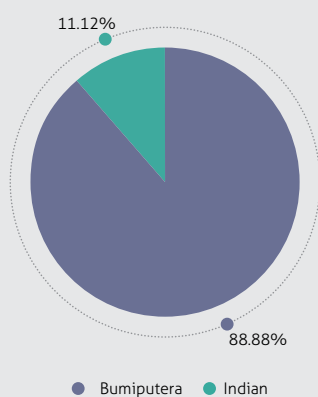
ABDULLAH ABU SAMAH
Independent
Non-Executive Director

FAWZI AHMAD
Independent
Non-Executive
Director

**MOHD FAZILLAH
KAMARUDDIN**
Independent
Non-Executive Director



RACE



BOD SKILLS & EXPERIENCE

• Information Technology	11.12%
• Human Resource	33.33%
• Corporate Planning & Development	66.66%
• Operations – Plantation	44.44%
• Commercial and Marketing	44.44%
• Economics	44.44%
• Finance/Audit	33.33%
• Risk Management and Compliance	55.55%
• Industry Experience	100%
• Legal	22.22%
• Construction	22.22%
• Business Administration/Management	55.55%
• Trading	22.22%

BOARD OF DIRECTORS' PROFILES

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TAN SRI DR. ISMAIL BAKAR

Chairman/Non-Independent Non-Executive Director



Nationality: Malaysian

Date of Appointment: 10 May 2022

Age: 62

Qualification

- He graduated with a Bachelor of Economics, B. Econs (Hons) in Applied Economics, from the University of Malaya, Kuala Lumpur (1983)
- He obtained a Diploma in Public Administration (DPA) from the National Institute of Public Administration (INTAN), Kuala Lumpur, Malaysia (1985)
- He has a Master of Business Administration (MBA) from the University of Hull, United Kingdom (1995) and PhD from the University of Hull, United Kingdom (2004)
- He is a member of Chartered Institute of Purchasing and Supply (CIS), UK

Working Experience:

- He began his career as the Assistant Secretary, Contract and Supply Division in the Ministry of Finance ("MOF") before joining the Anti Narcotic Task Force as Assistant Director
- He then served in the Economic and International Division of the MOF as Assistant Secretary. Following this, he was the Principal Assistant Secretary for the Public Finance Section, MOF
- In 2004, he was appointed Head of Planning, Research and Policy, MOF
- In 2006, he became the Head of Section, Government Procurement, MOF
- He then served as the Senior Advisor to the Executive Director (SEA Group) The World Bank
- He then joined the Ministry of Defence as Deputy Secretary General (Policy)
- He was appointed Director, National Strategic Unit, MOF and he was appointed as Director of National Budget, National Budget Office, MOF
- He then served as the Secretary General in the Ministry of Transport and in the Ministry of Agriculture and Agro-Based Ind., as well as Secretary General of Treasury, MOF
- He was then appointed Chief Secretary to the Government of Malaysia
- He serves as a Board Member of DMIA-LTAT Sdn Bhd

Chairmanship/Directorship:

- Currently, he is the Chairman of TCorp Sdn Bhd (subsidiary of TEKUN Nasional) and Bank Islam Berhad. He is also the Deputy Chairman of JCorp

Declaration:

- Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of Kulim
- He has no personal interest in any business arrangement involving Kulim and has not been convicted for any offences

BOARD EXPERIENCE:

- Information Technology
- Human Resource
- Corporate Planning and Development
- Operations – Plantation
- Commercial and Marketing
- Economics
- Finance/Audit
- Risk Management and Compliance
- Industry Experience
- Legal
- Construction
- Business Administration/Management
- Trading



MOHD FARIS ADLI SHUKERY

Managing Director



Nationality: Malaysian

Date of Appointment: 1 October 2020

Age: 50

Qualification

- He graduated with a Bachelor of Laws (Hons) from Sheffield Hallam University, United Kingdom (1995)
- He obtained his Masters of Laws (International and Commercial Law) from University of Sheffield, United Kingdom (1997)

Working Experience:

- He began his career with Kuala Lumpur Stock Exchange in the Policy and Development Division (1997)
- He joined AmMerchant Bank as Compliance Manager (2003)
- He later joined Kumpulan Guthrie Berhad as Manager in the Corporate Planning Department (2005)
- He then became Vice President for Plantation Upstream in Sime Darby Plantation (2008)
- He joined downstream operations to become Head of Sime Darby Foods & Beverages Marketing (2014)
- His last position in downstream operations was Head of Customer Solutions for Sime Darby Oils
- He became Regional Chief Executive Officer, Sabah of Sime Darby Plantation's upstream operations (2019-2020)

Chairmanship/Directorship:

- He also sits on the Board of several companies within Kulim Group

Declaration:

- Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of Kulim
- He has no personal interest in any business arrangement involving Kulim and has not been convicted for any offences



MOHD NORDIN JAMALUDIN

Non-Independent Non-Executive Director



Nationality: Malaysian

Date of Appointment: 10 July 2020

Age: 60

Qualification

- He obtained his Bachelor Degree in Law (Hons) from University of West London, United Kingdom

Working Experience:

- He began his career as Senior Legal Counsel and Company Secretary at Shell Malaysia Trading Sdn Bhd (1990-2007)
- His skills and experience from Multinational Company had exposed him with other important areas such as ICT and Innovation, Human Resource, and Governance from the perspective of various countries in ASEAN region
- He further expanded his working career in Iskandar Investment Berhad (2008-2018)
- His last position was Executive Vice President, primarily responsible for Human Capital, Management and Company Secretarial functions
- He was responsible for all company secretarial matters and ensures full compliance to relevant statutory requirements to mitigate risk of reprimand, fines and related due to non-compliance for Iskandar Investment and its Group of subsidiaries
- He was also responsible in formulating the long-term human capital strategy and strategic initiatives to leverage on the Company's human capital capabilities to support the execution of business strategies and plans effectively
- He commenced his tenure as Chief Corporate Services Officer with JCorp on 2 February 2020

Chairmanship/Directorship:

- He is the Non-Independent Non-Executive Director of QSR Brands (M) Holdings Berhad

Declaration:

- Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of Kulim
- He has no personal interest in any business arrangement involving Kulim and has not been convicted for any offences

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SHAMSUL ANUAR ABDUL MAJID

Non-Independent Non-Executive Director



Nationality: Malaysian

Date of Appointment: 10 July 2020

Age: 51

Qualification

- He graduated with a Bachelor of Science (Hons) in Chemistry from Imperial College, London, England
- He obtained his Master of Business Administration (Islamic Finance) from International Islamic University, Malaysia
- He is also a Chartered Financial Analyst ("CFA") from CFA Institute, Charlottesville, Virginia, USA

Working Experience:

- He began his career with Shell Malaysia as a Planning Analyst (1994)
- He then joined Boston Consulting Group (2000)
- He later joined Grenland Malaysia as Vice President, Finance and Special Projects (2004)
- He was the Executive Vice President of Strategy and Feasibility, Iskandar Investment Berhad (2007)
- He then joined Iskandar Waterfront Holdings as the Special Officer to the Managing Director (2011)
- He was the Director of Fikiran Sepakat Sdn Bhd (2014)
- He joined JCorp as General Manager prior to his appointment as the Chief Investment Officer (2017)

Chairmanship/Directorship:

- He is a Non-Independent Non-Executive Director of QSR Brands (M) Holdings Berhad, KPJ Healthcare Berhad, Al-Aqar Healthcare REIT and Al-Salam REIT
- He is also director of Damansara Assets Sdn Bhd, Johor Land Berhad, Damansara REIT Managers Sdn Bhd, TLP Terminal Sdn Bhd and several other companies within JCorp Group

Declaration:

- Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of Kulim
- He has no personal interest in any business arrangement involving Kulim and has not been convicted for any offences



DATO' SR. HISHAM JAFREY

Non-Independent Non-Executive Director



Nationality: Malaysian

Date of Appointment: 1 March 2020

Age: 64

Qualification

- He graduated with a Bachelor Degree in Quantity Surveying (Hons) from Leeds Metropolitan University

Working Experience:

- He started his career with Harlow and Milner of Wakefield, England
- He then joined Antara Construction Sdn Bhd (1983)
- He later joined University Technology Malaysia and played a prominent role in the development of the Department of Quantity Surveying, Faculty of Built Environment
- He was the Chairman of Royal Institution of Surveyors Malaysia (Johor Branch)
- He was a member of the One Stop Approval Centre of Majlis Bandaraya Johor Bahru

Chairmanship/Directorship:

- He is the Managing Director of ARH Jurukur Bahan Sdn Bhd, which is one of the largest quantity surveying practice in Malaysia
- He sits as an Independent Non-Executive Director in JCorp as well as Cement Industries of Malaysia Berhad ("CIMA")
- He sits as Non-Independent Non-Executive Director in Unipati Concrete Sdn Bhd, a subsidiary company of CIMA
- He also sits as the Non-Executive Director of Board of Quantity Surveyors Malaysia ("BQSM")

Declaration:

- Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of Kulim
- He has no personal interest in any business arrangement involving Kulim and has not been convicted for any offences



KANDASAMY A/L KANNY

Independent Non-Executive Director



Nationality: Malaysian

Date of Appointment: : 1 March 2020

Age: 71

Qualification

- He graduated with a Master of Business Management Majoring in Plantation Management from Camden University, USA (2011)

Working Experience:

- He started his career with Mados's Holding Sdn Bhd (formerly known as Mado's Sdn Bhd) as a Field Conductor (1981)
- He was promoted to Cadet Assistant (1992)
- Later, he was then promoted to Assistant Manager (1994) and Manager (1996)
- In 2012, he was promoted as Estate General Manager until present
- He was the Vice Chairman of Johor Planters Association ("JPA") from 23 May 2013 to 20 March 2014
- Currently, he is an auditor of JPA

Chairmanship/Directorship:

- NIL

Declaration:

- Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of Kulim
- He has no personal interest in any business arrangement involving Kulim and has not been convicted for any offences



ABDULLAH ABU SAMAH

Independent Non-Executive Director



Nationality: Malaysian

Date of Appointment: 1 January 2021

Age: 56

Qualification

- He graduated with a Master of Business Administration from the University of Washington, Seattle, USA
- He also holds a Bachelor of Science in Business Administration from the University of the Pacific, California

Working Experience:

- He started his career with KPMG (1988)
- He was a partner in its Audit Division until his retirement (1997-2020)
- He was seconded to KPMG London for two years to focus on the financial services sector (1993 -1995)
- He has over 32 years of experience in servicing clients from various industries including oil palm plantations, Oil & Gas, banking and finance, construction and property development, hotel and hospitality, manufacturing, industrial products, trading, investment holding companies as well as large multinational companies
- He was also involved in reviews of prospective financial information for purposes of IPOs, right issues and bond issues
- He has significant experience in due diligence reviews in connection with the proposed composite scheme of arrangement and restructuring scheme
- He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants

Chairmanship/Directorship:

- He is the Chairman of Extreme Edge Sdn Bhd, a subsidiary company of Kulim
- He sits as an Independent Non-Executive Director in Media Prima Berhad
- He also sits in Damansara REIT Managers Sdn Bhd as an Independent Non-Executive Director

Declaration:

- Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of Kulim
- He has no personal interest in any business arrangement involving Kulim and has not been convicted for any offences

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FAWZI AHMAD

Independent Non-Executive Director



Nationality: Malaysian

Date of Appointment: 1 January 2021

Age: 69

Qualification

- He joined the Executive Scheme of Service in 1974 of Kulim Group and was initially posted to Ulu Tiram Estate
- He attended various courses held by the Rubber Institute of Malaysia (RRI)

Working Experience:

- He was transferred to the Plantation Division at Ulu Tiram Estate as Senior Assistant Manager (1980)
- Later, he was then seconded to a subsidiary company of Kulim and established an infrastructure for Yayasan Pelajaran Johor ("YPJ") (1985-1988)
- He was transferred back to manage both Ulu Tiram Manufacturing Company Ltd and Ulu Tiram Estate (1988-1989)
- He joined Austral Enterprise (a subsidiary of Island & Peninsula) (1989) and subsequently made a Planting Advisor (1991)
- He established and spearheaded the Plantation Division for YPJ (1992)
- He was the National Vice Chairman of the Incorporated Society of Planters and State Vice Chairman of the Royal Johor Planters Association
- He owned 51% equity of YPJ Plantation Management Sdn Bhd and liquidated his shares upon his retirement
- He retired from YPJ Oil Palm Estates Sdn Bhd (2013)
- Currently, he conducts advisory services for plantation visits for an established GLC plantation company

Chairmanship/Directorship:

- NIL

Declaration:

- Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of Kulim
- He has no personal interest in any business arrangement involving Kulim and has not been convicted for any offences



MOHD FAZILLAH KAMARUDDIN

Independent Non-Executive Director



Nationality: Malaysian

Date of Appointment: 20 June 2021

Age: 64

Qualification

- He graduated with a Bachelor of Economics (Analytical) from the University of Malaya (1981)
- He also holds a Diploma in Association of Bond Dealer (AIBD) Zurich, Switzerland (now known as the International Capital Marker Association)

Working Experience:

- He started his career with Bank Bumiputra (M) Berhad ("BBMB"), and was assigned to Securities Capital Market in the Funds Management Treasury Division, Kuala Lumpur
- He was transferred to BBMB London branch as the Head of Capital Market Trading Department (1984)
- He was transferred to BBMB New York branch to rectify the operational problems due to receiving order from Federal Reserve of cease and deceive order
- He joined BBMB Securities Sdn Bhd as Manager (1992)
- He joined K&N Kenanga as a senior dealer in charge of international clients
- He later joined Charles Bradburne Berhad as a General Manager of the Trading Department responsible for institutional and international clients (1994)

Chairmanship/Directorship:

- NIL

Declaration:

- Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of Kulim
- He has no personal interest in any business arrangement involving Kulim and has not been convicted for any offences



NINA SAPURA RAHMAT

(Alternate Director to Shamsul Anuar Abdul Majid)
General Manager,
Strategy & Business Planning Department of JCorp

Nationality: Malaysian

Date of Appointment: 21 November 2021

Age: 43

Qualification

- She graduated with a Bachelor Degree, Accountancy, Royal Melbourne Institute of Technology (Distinction) (1998-2000)
- She is a Certified Practising Accountant of CPA Australia and a member of the Malaysia Institute of Accountants

Working Experience:

- She started her career as Associate to Senior Associate, Audit Assurance, PricewaterhouseCoopers, Johor Bahru (2000-2003)
- She was the Executive of Finance Department, SAJ Holdings Sdn Bhd (2006-2013)
- Later, she joined Kulim (Malaysia) Berhad as an Executive (2013)
- She was appointed as Manager of the Corporate Affairs Department (2013) and promoted as Senior Manager (2014-2017)
- She was later transferred to Group Corporate Strategy Department of JCorp as Senior Manager (2017-2018)
- She was the Deputy General Manager, Strategy and Business Planning Department of JCorp (2019-2021) before promoted as General Manager (2021)

Chairmanship/Directorship:

- She also sits on the Board of several companies within JCorp Group

Declaration:

- Other than as disclosed, she does not have any family relationship with any director and/or major shareholder of Kulim
- She has no personal interest in any business arrangement involving Kulim and has not been convicted for any offences



SABARUDIN HARUN

Company Secretary (MIA 30423)



AFIQ IZAT JUSOH

Company Secretary (LS 0010354)

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MOHD FARIS ADLI SHUKERY
Managing Director

Nationality	Malaysian
Date of Appointment	1 October 2020
Age	50

Qualification

- He graduated with a Bachelor of Laws (Hons) from Sheffield Hallam University, United Kingdom (1995)
- He obtained his Masters of Laws (International and Commercial Law) from University of Sheffield, United Kingdom (1997)

Working Experience

- He began his career with Kuala Lumpur Stock Exchange in the Policy and Development Division (1997)
- He joined AmMerchant Bank as Compliance Manager (2003)
- He later joined Kumpulan Guthrie Berhad as Manager in the Corporate Planning Department (2005)
- He then became Vice President for Plantation Upstream in Sime Darby Plantation (2008)
- He joined downstream operations to become Head of Sime Darby Foods & Beverages Marketing (2014)
- His last position in downstream operations was Head of Customer Solutions for Sime Darby Oils
- He became Regional Chief Executive Officer, Sabah of Sime Darby Plantation's upstream operations (2019-2020)
- He also sits on the Board of several companies within Kulim Group



FAIRUZ ISMAIL
Chief Operating Officer

Nationality	Malaysian
Date of Appointment	1 August 2021
Age	59

Qualification

- He graduated with a Master of Business Administration from University of the West of England, Bristol, United Kingdom (2014)
- He has the professional certificate of Management Development Programme from the Asian Institute of Management, Philippines (AIM) (2007)
- He holds a Diploma in Planting and Industry Management from the Institute Technology of MARA (now known as UiTM) in 1984

Working Experience

- He has over 33 years of experience in various industries including plantation in the upstream and downstream business, mills, Research & Development, developing new projects, and heading organisation transformation
- He was the Head of Indonesia Plantations of Golden Hope Plantation Berhad and the Senior Vice President of Sime Darby Plantation Berhad
- He was also the Executive Vice President/Chief Operating Officer of Felda Global Ventures Holdings Berhad ("FGV") before joining Kulim
- He also sits on the Board of several companies within Kulim Group



AZIAH AHMAD
Chief Financial Officer

Nationality	Malaysian
Date of Appointment	1 April 2020
Age	56

Qualification

- She graduated with a Bachelor of Commerce in Accountancy from University of Wollongong, New South Wales, Australia
- She is a Certified Practising Accountant of CPA Australia and a member of the Malaysia Institute of Accountants

Relevant Experience:

- She joined JCorp as a General Manager on 1 April 2014 before her secondment to Damansara Assets Sdn Bhd as the Chief Financial Officer
- She headed the Group Financial Monitoring and Advisory Department of JCorp (October 2016 to December 2019)
- She became the Vice President and the Group Chief Financial Officer prior to joining Kulim
- She also sits on the Board of several companies within Kulim Group



AMRAN ZAKARIA
Head of Human Capital

Nationality	Malaysian
Date of Appointment	1 January 2021
Age	54

Qualification

- He graduated with a Bachelor of Science in Horticulture from Universiti Putra Malaysia and Diploma in Training and Development from Auckland College of Education, New Zealand
- He also holds a Diploma in Industrial Relations from Malaysian Employers Federation

Working Experience:

- He brings with him vast experience in Human Resources Management at operation and strategic levels from his previous employment at the Prime Minister's Department, Toyota Group, Nestle, and several GLCs
- He joined Kulim as Head of Human Resource Division on 24 April 2017
- Later, he seconded to JCorp in January 2020 to head the Group Human Resources before he resumed the same position at Kulim in September 2020
- He also sits on the Board of several companies within Kulim Group



AZLAN RUDY MUSTAZA
Head of Corporate Strategy

Nationality	Malaysian
Date of Appointment	15 November 2021
Age	41

Qualification

- He holds a Bachelor of Commerce degree majoring in Accounting and Finance from the University of Sydney, Australia

Relevant Experience:

- He commenced his career with a multinational organisation in Sydney, Australia where he acquired his membership as a Certified Practising Accountant
- He was a Strategic Planner for Petronas Lubricants International ("PLI")
- Prior to PLI, he has diverse experience in infrastructure and financial industries, holding various positions in Investments, Strategic Planning, and Mergers and Acquisitions
- He also sits on the Board of several companies within Kulim Group



MOHAMMED IZUDDIN ROSLI
Head of Corporate Communications

Nationality	Malaysian
Date of Appointment	15 November 2021
Age	56

Qualification

- He graduated with a Diploma in Banking from Institute Technology Mara and started his career at Maybank in the Corporate Banking Division (1988)
- He then pursued his first Degree at the Sheffield Hallam University and graduated with BA (Hons) in Business Studies majoring in Finance (1992)

Relevant Experience:

- He joined Kulim on 1 September 2020 before assuming his current position
- He has wide experience in Business Development and Communications through his various stints at Sepang F1 International Circuit and Iskandar Investment Berhad ("IIB")
- Later, he joined FGV Holdings Berhad for six years as the General Manager in various capacities
- He joined JCorp as Head of Business Development Department (April 2020), before taking up his position at Kulim as Head of Strategy Division (September 2020)
- He was later appointed as Head of Corporate Communications on 15 November 2021
- He also sits on the Board of several companies within Kulim Group

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MAZIAH MAHMOD
Head of Digital & Technology

Nationality	Malaysian
Date of Appointment	1 February 2021
Age	54

Qualification

- She graduated with a Bachelor of Computer Science from the University Technology Malaysia

Relevant Experience

- She started her career with JCorp as an Executive on 16 May 1993
- She was appointed as Deputy Manager of the ICT Development Division in 2000 and was promoted to Manager in 2006
- She was later seconded to Sovereign Multimedia Resources Sdn Bhd, a subsidiary of JCorp before returning to JCorp in 2014 as Deputy General Manager of the ICT Development Division
- She left JCorp as General Manager of the ICT Development Division before assuming her current role at Kulim
- She also sits in the Board of several companies within Kulim Group



LOKMAN IZAM ABD AZIZ
Head of Commercial

Nationality	Malaysian
Date of Appointment	15 October 2021
Age	54

Qualification

- He graduated with a BA (Hons) Business Studies from Sheffield Hallam University, United Kingdom (1992)

Relevant Experience:

- He began his career with KPMG Peat Marwick Consultant in the Tourism and Hospitality department before joining Renong Group of Companies as Business Development Manager
- He brings with him vast experience in Marketing, Product and Channel development at operation and strategic level from his previous employment with The Coca-Cola Company in Asia Pacific and Amway South East Asia
- He also sits on Board of several companies within Kulim Group



MOHD NASIR MD SAAD
Head of Governance

Nationality	Malaysian
Date of Appointment	1 March 2022
Age	51

Qualification

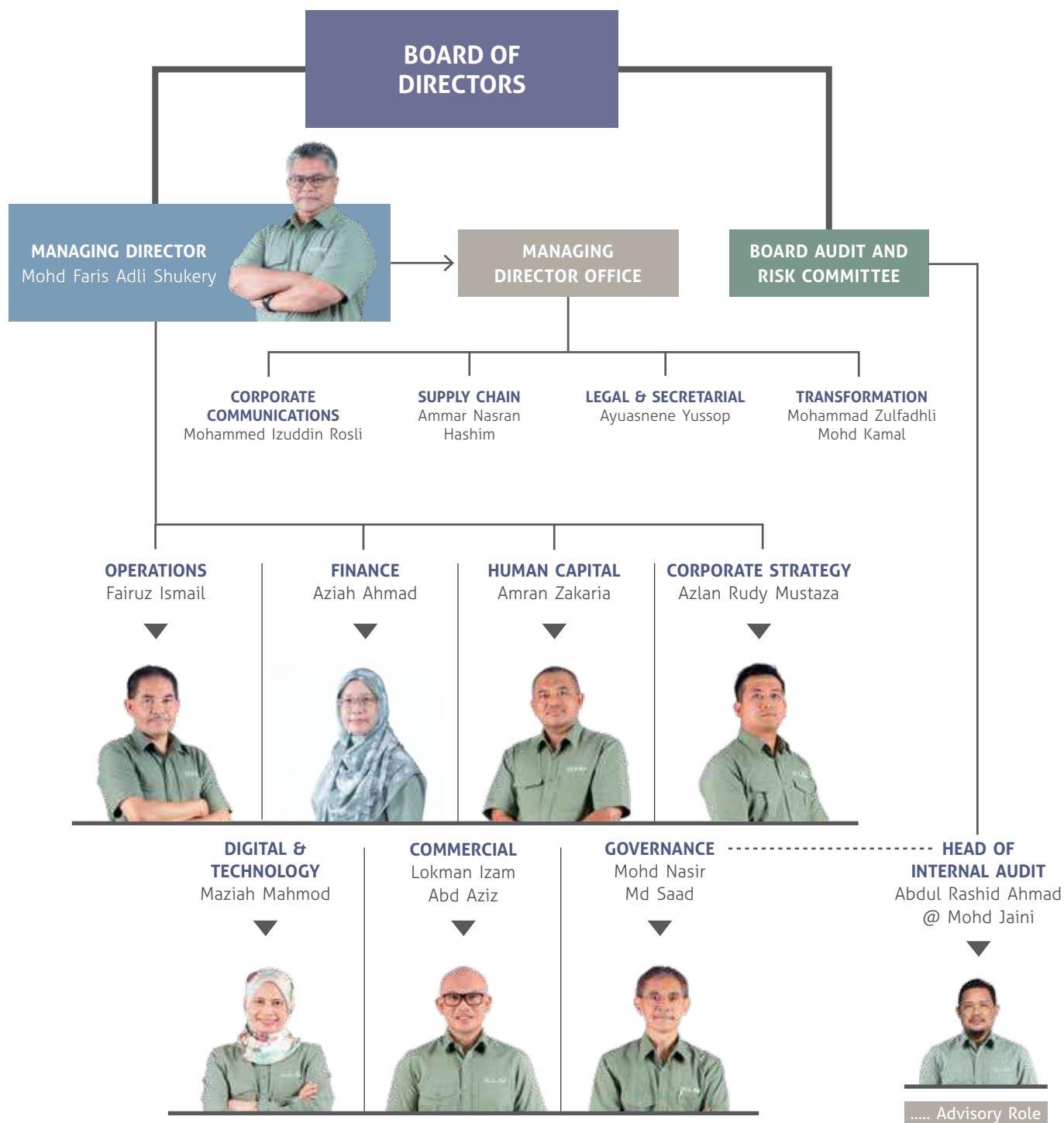
- Graduated with Master of Business Administration (MBA) majoring in Strategic Management from the University Technology Malaysia (UTM) (2006)
- He obtained his first degree in Bachelor of Accountancy (Hons) from the University Technology MARA (UiTM) (1996)
- He is also a member of the Malaysian Institute of Accountants (1999)

Relevant Experience:

- He was the Head of Internal Audit & Risk Management of Zelan Berhad (2011)
- He was seconded to lead the Accounts & Finance Department of Zelan Berhad (2018-2019)
- His long-accumulated working experience were acquired from various mixed business industries such as banking & financial institutions (RHB Bank & Amfinance), trading & milling (Bernas), MRO services (Destini Berhad), property development, waterpark & hotel management (MK Land Holdings) as well as engineering & construction (Zelan Berhad)
- He had successfully set-up new internal audit department for two public listed companies during his career path (Zelan Berhad & Destini Berhad)

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KULIM

a JCORP Company

www.kulim.com.my

CHAIRMAN'S CORPORATE GOVERNANCE OVERVIEW

The year in review continued to be a challenging and disruptive year as the world grappled with the COVID-19 pandemic. 2021 was marked by the ongoing impact and uncertainties created by the pandemic as companies around the world adapted to their operations. It further reinforced the importance of good governance at a time when effective engagement and collaboration with stakeholders have never been more crucial.

The crisis has brought to the fore the importance of Board leadership and good governance where the focus is placed on business resilience and our ability to manage the crisis, rebound, and leverage on the opportunities and challenges.

The protection of shareholders' interests both in the short-term and the long run is key to the way the Board operates. This has been the main governing principle behind our response to the COVID-19 pandemic as a Board. The effective engagement has been imperative in understanding the views of our stakeholders in order to make informed choices during the crisis.

The Board will continue to focus on building resilience while strengthening our business operations and at the same time fortifying the fundamentals for our future success.

As a values-based organisation, we promote world-class business practices and robust institutional governance and risk frameworks with strong emphasis on transparency, accountability, effective leadership, and sustainable performance.

The Board's governance oversight is premised on its commitment to its responsibilities and governance objectives. It is a resolute effort by the Board and Management at every level to lead by example, embrace corporate values, implement best practices and create an organisational culture that optimises performance, accountability, and contribution. The Board is cognisant that sustainable business success and the creation of long-term value for stakeholders is not possible without a clear corporate purpose and strong governance.

Our corporate governance framework encompasses a robust decision-making process within which decisions are made, delegated, and executed with clear accountability across all levels.

Collectively, Board members are drawn from different business sectors and fields, and they represent a formidable leadership, independent viewpoints, and uncompromised integrity, who steered the strategic direction of the Company. With a majority of the Board composition comprising Non-Executive Directors, the Board is assured of diversity in experience, expertise, and objectivity. The Board acknowledges that there is an absence of women directors and would make concerted efforts to source for potential women candidates within the next two years.

I was honoured to have been appointed your new Chairman on 10 May 2022 replacing the late Tan Sri Dr. Ali Hamsa. Together with my fellow Board members and the Senior Management team, we will continue building on the Company's strong operating and financial performance. The Board expresses its sincere gratitude and appreciation to the late Tan Sri Dr. Ali Hamsa for his services and contribution to Kulim.

During the year in review, the Board also welcomed Abdullah Abu Samah and Fawzi Ahmad who were both appointed Independent Non-Executive Directors (INEDs) on 1 January 2021 and Mohd Fazillah Kamaruddin who was also appointed INED on 20 June 2021.

In the year ahead, as we continue to navigate through the pandemic, the Board is optimistic that we will be able to sustain our record of continued profitability and growth. We will remain fully committed to ensure the well-being of our employees and the safe and optimal operations of our business. The Board will also ensure the sustainability of our business and operations by aligning best practices, ethics, and business integrity into the strategies and operations of the Group.

I believe that strong corporate governance supports long-term value creation for our shareholders and the key to balancing the interests of our shareholders with those of our wider stakeholders.

The Board will continue to strengthen our governance practices and processes to meet the increasingly competitive and challenging operating environment.

I am pleased to present our Corporate Governance Overview Statement for the financial year under review which describes how the Board functions and illustrations of our commitment to deliver transparent and sustainable value to all our stakeholders.



Chairman
Tan Sri Dr. Ismail Bakar

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Kulim (Malaysia) Berhad is pleased to present the Corporate Governance Overview Statement ("CG Overview"), which provides shareholders and stakeholders with an overview of the corporate governance practices of Kulim Group during the FY2021 with reference to the fundamental corporate governance principles and practices as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

Kulim Group is committed to high standards of integrity and ethics in its business. We continue to strive to be better and guided by our best practices; we aim to create continued sustainable value for our stakeholders. For Kulim Group, good governance is imperative to ensure its sustainable long-term performance, creating long-term economic value and growth.

We believe in setting an appropriate tone from the top to ensure that ethical standards of behaviour permeate throughout the Group at all levels.

Therefore, ethical and effective leadership underpins the Board's commitment to moving closer to the Group's vision of being 'the most progressive, efficient, profitable and respectable agribusiness company in the region'.

Our Board provides judicious leadership and strategic guidance to safeguard stakeholder value creation within a framework of rigorous and effective controls. Together with Management, the Board drives robust strategies and executes strong, effective governance and ethical financial practices.

We embed world-class business practices and robust institutional governance and risk frameworks. We continuously review these practices and frameworks, mindful of the dynamic and evolving corporate and business landscape, influenced by, among others, geopolitical and cultural shifts regionally and globally, while remaining ahead of our targets and ensuring that we act in the best interests of our stakeholders.

We believe that good governance contributes to living our core values through enhanced accountability, strong risk and performance management, transparency and effective leadership.

The governance structure of the Board is as follows:

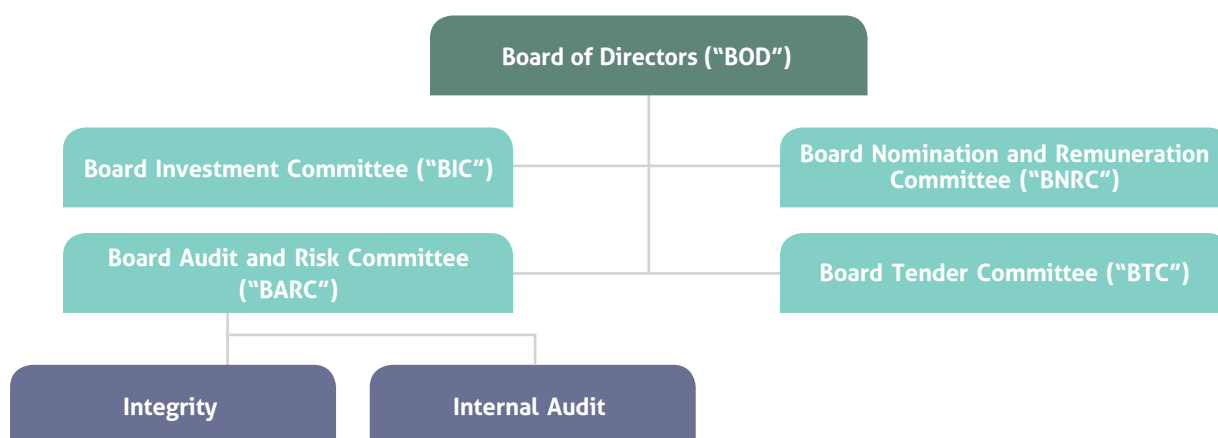


Diagram 1: Governance Structure

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board functions on the principle that it addresses all significant and material matters. The Board is accountable for the strategic management, performance monitoring and measurement, enterprise risk management, standard of conduct and critical business issues. The Board is responsible for determining the long-term direction and strategy of the Group and creating value for shareholders.

In executing its governance responsibility, the Board has delegated certain functions to the Board Committees. The Board Committees are provided with clear Terms Of Reference ("TOR") to enable them to operate effectively. The functions and TORs of Board Committees, including the authority delegated to them, are periodically reviewed to ensure they stay relevant and up-to-date.

Established clear functions reserved for the Board and those delegated to Management.

The Board is responsible for the oversight and overall management of the Group by providing guidance and direction to the Management regarding sustainability, strategic planning, risk management, succession planning, and financial and operations to meet the expectations and obligations to the shareholders.

The Board assumes the following principal responsibilities in discharging its functions.

1. Reviewing and adopting a strategic plan for the Group and monitoring thereof and addressing the sustainability of the Group's business.

The Board will review and approve the annual budget and strategic plan for the Group. It has an annual strategic planning process. A comprehensive strategic plan will be tabled and debated at the divisional level before the Management presents its recommended strategy and proposed business and regulatory plans to the Board. At this session, the Board reviews and deliberates upon the Management's and its own perspectives and challenges the Management's views and assumptions to deliver the best outcomes.

Additionally, on an ongoing basis, the Board will assess whether the projects, purchases and sale of equity and other strategic considerations being proposed at Board meetings during the year align with the objectives and broad outline of the adopted strategic plans.

2. Overseeing the conduct of the Group's business, including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management.

All operational matters will be discussed at Board meetings, and expert advice will be sought if necessary. The Board oversees management's performance through quarterly results tabled during the Board meeting.

The Board would then make the necessary business decisions to adapt to changing circumstances. The Management is tasked with the responsibility to keep the Board informed of all matters which may materially affect the Group and its business. The management would also present and brief the Board on the Group's financial performance quarterly report.

The performances of various companies and operating units within the Group represent a significant element of the Board's agenda. Where and when available, data are compared against national trends and the performance of similar companies.

3. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to manage risks.

The Group has set up Governance Management Committee ("GMC") to assist the Board in identifying, evaluating, reviewing and managing the principal risks and compliance management system.

GMC is established primarily to assist and advise the Management Committee ("MCM") and the Managing Director in fulfilling its corporate governance and responsibilities towards compliance with the rules and regulations and its internal control structure.

Details on GMC and the risk management framework are set out in the Statement of Risk Management and Internal Control of this Integrated Report.

4. Established and identified succession plans for the Group that provide continuity in leadership within the Group.

The Human Capital Division strongly supports the Board's responsibility in this aspect. More importantly, after several years of continuous effort in emphasising and communicating the importance of succession planning, the subject has become an ongoing agenda being reviewed at various high-level management and operational meetings of the Group.

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5. Overseeing the development and implementation programme for effective communication with shareholders and investors.

The Group employs various strategies and approaches to ensure that shareholders are well informed about the Group's affairs and development.

6. Reviewing the adequacy and integrity of the management information and internal control system of the Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board's function in fulfilling the above responsibility is supported and reinforced through the various Committees established at both the Board and the Management's level. Aided by an independent function of the Internal Audit Department, the active functioning of these Committees through their regular meetings and discussions would provide a strong check and balance and reasonable assurance on the adequacy and effectiveness of the Group's internal controls.

Details on the Internal Audit functions are further discussed in the Board Audit and Risk Committee Report of this Integrated Report.

BOARD LEADERSHIP

The Board is responsible for the overall leadership of the Group and for promoting its long-term sustainability and success by providing entrepreneurial leadership within a framework of prudent and effective controls. An effective Board is a key to the Group's establishment and delivery of its strategy and creating its purpose and values.

The Board safeguards stakeholder value-creation. Prudent and effective controls allow the Board to assess and manage emerging risks and opportunities to ensure long-term sustainable development and growth.

The Board commits itself and its Directors to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

The balanced composition of the Board with the presence of Non-Executive Directors ("NEDs") ensures that no individual or small group of Directors can dominate the decision-making process and that the interests of shareholders are protected. The Board considers each NED to be independent in character and

judgement. Accordingly, all Directors are required to exercise unfettered and independent judgement at all times, irrespective of status, and act in the Company's best interest.

The Board is satisfied that each Director has devoted sufficient time to discharge his or her responsibilities effectively. The current composition of Directors has a blend of skills, experience and knowledge, enabling them to provide adequate oversight, strategic guidance and constructive challenge, examine proposals on strategy and empower the Managing Director to implement strategies approved by the Board.

Board Activities in 2021

The summary of critical matters considered by the Board in 2021 is as follows:

Strategy

1. Group's five-year strategy
2. Strategic plans progress updates
3. Annual budget setting
4. Business expansion plans and developments
5. Business and projects progress updates
6. New business ventures
7. Investment policy

Financial Performance

1. Quarterly and yearly financial performance reports
2. Capital structure review
3. Balance sheet management
4. Dividend proposal
5. Financial Policy

Governance

1. Audit Findings
2. Group's top risks and mitigation plans
3. Enterprise Risk Management ("ERM") Policy and Framework
4. Business Continuity Management ("BCM") Policy and Framework
5. Board and Board Committees' size and composition
6. Board appointment
7. Board remuneration package
8. Governance review and updates
9. Reappointment of External Auditors
10. Corporate Structure
11. Transfer pricing policy and procedure
12. Limits of Authority ("LOA") Manual
13. Compliance issues and mitigation plans

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BOARD COMMITTEES

Kulim has established four Board Committees, namely the Board Nomination and Remuneration Committee ("BNRC"), Board Audit and Risk Committee ("BARC"), Board Investment Committee ("BIC") and Board Tender Committee ("BTC") to assist the Board in discharging its fiduciary duties and responsibilities effectively.

The Board Committees review and deliberate in detail the issues within their terms of references and make the necessary recommendations to the Board regarding the matters under their review. The Board remains fully responsible for the effective control of the Company. Similar to the Board, each Board Committee is supported by the Company Secretary and has access to independent advice as required for the performance of its duties.

a) Board Nomination and Remuneration Committee ("BNRC")

Assist the Board in nominating new candidates to the Board and Board Committees and assessing their performance and remuneration packages.

The members comprise the following non-executive directors:

Name	Designation/Directorship
Tan Sri Dr. Ismail Bakar	Chairman/Non-Independent Non-Executive Director
Fawzi Ahmad	Member/Independent Non-Executive Director
Mohd Nordin Jamaludin	Member/Non-Independent Non-Executive Director
Mohd Fazillah Kamaruddin	Member/Independent Non-Executive Director

b) Board Audit and Risk Committee ("BARC")

Assist the Board with regards to:

- review and report on the Group's results, external audit procedures and internal audit function.
- oversee the Risk Management and Compliance activities of the Group.
- exercising reasonable oversight over the implementation of the anti-bribery management system.

The members comprise the following non-executive directors, the majority of whom are independent directors:

Name	Designation/Directorship
Abdullah Abu Samah	Chairman/Independent Non-Executive Director
Dato' Sr. Hisham Jafrey	Member/Non-Independent Non-Executive Director
Fawzi Ahmad	Member/Independent Non-Executive Director

c) Board Investment Committee ("BIC")

Assist the Board in reviewing, recommending, and monitoring existing and potential investment and divestment activities.

The members consist of the following non-executive directors, the majority of whom are independent directors:

Name	Designation/Directorship
Dato' Sr. Hisham Jafrey	Chairman/Non-Independent Non-Executive Director
Shamsul Anuar Abdul Majid	Member/Non-Independent Non-Executive Director
Kandasamy A/L Kanny	Member/Independent Non-Executive Director
Abdullah Abu Samah	Member/Independent Non-Executive Director
Mohd Fazillah Kamaruddin	Member/Independent Non-Executive Director

d) Board Tender Committee ("BTC")

Assist the Board in examining and, where appropriate, approving the award of contracts for the supply of goods and services within the limits as authorised in the LOA.

The members comprise the following directors, the majority of whom are Independent Non-Executive Directors ("INED"):

Name	Designation/Directorship
Fawzi Ahmad	Chairman/Independent Non-Executive Director
Mohd Faris Adli Shukery	Member/Managing Director
Kandasamy A/L Kanny	Member/Independent Non-Executive Director

There is a division of function between the Board and Management. The key management team of the Group, comprising the Managing Director, Head of Divisions, and other key management of respective departments, duly assists the Board. The principal responsibilities of the Management team are as follows:

- Developing, coordinating, and implementing business and corporate strategies for the approval of the Board;
- Assume day-to-day responsibility to ensure Company's conformity with relevant laws and regulations;
- Achieve the performance targets set by the Board;
- Communicating to the staff and implementing the strategic plan approved by the Board and any decision of the Board to ensure that the objectives of the Company that the Board approved are met;
- Assisting the Board in the establishment of the Company or Group's policies by developing such policies for the Board's review and approval for the Company's and Group's adoption, and implementation of the approved policies; and
- Developing adequate management information and effective internal control systems of the Group to ensure that the integrity and adequacy of the systems are intact.

Schedule of Matters/Agenda Reserved for Collective Decision of the Board

The authorities of the Board are specified below. The authorities may be varied from time to time as determined unanimously by the Board.

1. Conduct of Board

- Appointment and resignation of Directors;
- Appointment and resignation of Company Secretaries;
- Appointment and resignation of Board Members in Board Committees;
- Approval of terms of references of Board Committees and amendments to such items; and
- Appointment of key executives, including the Managing Director, and the continuation of their service.

2. Operational

- Approval of business strategy and Group's operational plans and budgets;
- Approval of capital expenditure;
- Approval of asset write-off;
- Approval of investment or divestment in a company/business/property/undertaking;
- Approval of investment or divestment of a capital project which represents a significant diversification from existing business activities;
- Approval of changes in the significant activities of the Company; and
- Approval of treasury policies.

3. Financial

- Approval of quarterly and statutory financial statements based on recommendations of the Board Audit and Risk Committee;
- Approval of interim dividends, recommendation of final dividends and the making of any other distribution;
- Adoption of accounting policies; and
- Approval of corporate policies and frameworks, including the Group's system of internal control.

4. Other matters to be considered include:

- Granting of powers of attorney by the Company;
- Entering into any indemnities or guarantees;
- Recommendations for the alteration of the Constitution of the Company;
- Issuance of new shares by the Company;
- Issuance of any debt instruments;
- Charitable contributions;
- Scheme of reconstruction or restructuring; and
- Any other significant business decision.

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Segregation of Roles and Responsibilities of Chairman and Managing Director

An effective Board is essential to the Company's long-term prospects and strategic objectives. This is made possible through strong, transparent and open working relationships between Directors.

The roles and responsibilities of our Board's Chairman and Managing Director are separate and distinct to ensure that there is an appropriate balance of power, authority and accountability at the Board level.

The Chairman, Tan Sri Dr. Ismail Bakar leads the Board. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. The Chairman is also responsible for creating an open, robust, and effective debate environment. This includes ensuring that the Directors receive accurate, timely, and clear information via Company Secretary.

Mohd Faris Adli Shukery is the Managing Director of the Company and is responsible for the day-to-day management of the Group's business operations and execution of the Board's decisions. With the Management team's support, he formulates business strategies and plans to achieve the Group's vision and missions, targeted growth, turnover, and profitability to meet the stakeholders' expectations. He is responsible for implementing the policies and decisions of the Board and coordinating the implementation of business and corporate strategies.

Qualified and Competent Company Secretaries

The Company Secretaries play an advisory role to the Board and support the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance practices of the Group.

The Company Secretaries ensure that discussions and deliberations of the Board and Board Committee meetings are well documented and communicated to the Management for appropriate actions. The Company Secretaries update the Board on the follow-up of the decisions and recommendations until they are resolved.

The Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and developments in corporate governance through continuous training.

The Company Secretaries of the Company has a professional credential and is qualified to act as a Company Secretary under Section 235(2) of the Companies Act 2016.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions in the financial year under review.

Access to Information

The Board has direct access to the advice and service of the Company Secretary and has full-unrestricted access to information about the Group's business and affairs.

The Chairman, assisted by the Company Secretary, ensures that the Directors receive all notices, agendas and minutes of the previous meetings and are supplied with pertinent information well in advance of each session. Together with the agenda for each meeting, the notice shall be circulated at least seven working days before each meeting to the Board Members and all required to attend the meeting. Written materials, including information requested by the Board from the Management and/or external consultants, shall be received together with the agenda for the meetings. In consultation with the Chairman, the Managing Director would decide on the agenda and accordingly structure and prioritise the respective matters based on their relevance and importance to enable quality and in-depth discussion of the issues. All decisions and conclusions of the Board meetings are to be duly recorded, and the Company Secretary keeps minutes.

The Board recognises the importance of providing timely, relevant and up-to-date information in ensuring an effective decision-making process by the Board. In this regard, the Board is provided with quantitative information and those qualitative in nature that are pertinent and of quality necessary to allow the Board to effectively deal with matters tabled in the meeting.

Board Charter

The duties and responsibilities of the Board of Directors are clearly defined in the Board Charter, which regulates how business is to be conducted by the Board, in accordance with the principles of good Corporate Governance.

The Board Charter addresses, which include, amongst others, the Board responsibilities, Directors' Code of Ethics, the composition of the Board, responsibilities of Chairman and Managing Director, the establishment of Board Committees, meetings, remuneration, accountability and audit, Company Secretary, conflict of interests and access to independent professional advice.

The Board Charter is periodically reviewed to capture any changes to the MCGG 2021, the Companies Act 2016 or any other relevant rules and regulations from time to time for best practices.

ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

In discharging Directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.

If a member considers such advice necessary, the member shall first discuss it with the Chairman and have done so; the member shall bring this matter to the Board. The reason(s) for seeking independent professional advice and the proposed cost involved should be presented to the Board for approval. Once Board's consent is obtained, the member is free to proceed.

The member should notify the Company Secretary of the intention to seek independent advice and shall provide the name(s) of the professional advisors that he or she intends to engage, together with a summary of the subject matter for which professional advice is to be sought. The Company Secretary shall provide written acknowledgement of acceptance of notification. If one or more Directors seek to appoint one or more advisors, the Chairman should take steps to facilitate discussions to arrive at a consensus. The Company will bear fees for the independent professional advice, but the Board's approval will be required. The above restriction shall not apply to the Managing Director acting in furtherance of his executive responsibilities and within his delegated powers.

Independent professional advice shall include legal, accounting, or other professional financial advice. Independent professional advice shall exclude any advice concerning the personal interests of the Directors (such as concerning their contracts or disputes with the Company) unless these are matters affecting the Board as a whole and have the unanimous agreement of the Board.

ACCESS TO THE MANAGEMENT

Board members must have complete unimpeded access to the Company's Management. Board members must have unrestricted access to information about the Company, including the Company's auditors and consultants.

In accessing its rights to information and the Management, Board members must use judgement to ensure that such access is not distracting the operations of the Company and that such contact is copied to the Managing Director and Chairman.

Furthermore, during deliberations, the Board should encourage the Management, when necessary, to bring managers into Board meetings who:

- Can provide additional insight into the items being discussed because of personal involvement in these areas; and/or
- Have potential for future senior managerial positions that Senior Management believes could be enhanced by exposure to the Board.

BOARD COMPOSITION

The composition of the Board will reflect the duties and responsibilities to discharge and perform as representative of the interests of the shareholders. The composition of the Board shall reflect as much as possible or practicable, proportional representation of investments in the Group.

The Chairman should ensure that all Board members are fully briefed on the terms of their appointment, duties, and responsibilities when taking up office. New members will also be informed of the operations of the Group to increase their understanding of the business, environment and markets in which the Group operates. The new members will be given a copy of the Board Policy Manual, which consists of the following information:

- Group Organisation;
- Board Organisation;
- Board Responsibilities;
- Board Procedures;
- Board's and Director's Evaluation; and
- Additional information includes the latest business plan and budget, Integrated Reports and accounts, and minutes from the previous three Board of Directors' meetings and applicable Committee Meetings.

The new members will be required to meet key members of the Management. Members are expected to keep themselves abreast of changes and trends in the business and with the Group's business environment and markets and changes and trends in the economic, political, social, legal and regulatory climate that could affect the business of the Group.

In addition, the Constitution provides that the office of any Director shall become vacant if such Director:

- Becomes bankrupt;
- Be found to be lunatic or of unsound mind;
- Ceases to be a Director under the provisions of the Companies Act 2016;
- Be convicted of any sizeable offences; and
- By notice in writing given to the Company resigns from his office;
 - is removed by ordinary resolution of the Company subject to the provisions of Article 104; and
 - is absent for more than 50% of the total Board of Directors' meetings held during a financial year.

The Board believes that its composition that represents a mix of knowledge, skills, and expertise relevant to the Company's business activities will ensure effective stewardship of management and will steer the Company to retain its competitive advantage.

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As of the date of this statement, the Board has nine members, comprising a Non-Executive Chairman, a Managing Director, three Non-Independent Non-Executive Directors, and four Independent Non-Executive Directors. The size and composition of the Board are adequate to provide for a diversity of views and the effective stewardship of the Company.



Abdullah Abu Samah and Fawzi Ahmad were appointed as INED on 1 January 2021, Mohd Fazillah Kamaruddin was appointed as INED on 20 June 2021.

On 10 May 2022, Tan Sri Dr. Ismail Bakar was appointed as Chairman/Non-Independent Non-Executive Director ("NINED") replacing the late Tan Sri Dr. Ali Hamsa, who passed away on 21 April 2022.

INDEPENDENT NON-EXECUTIVE DIRECTOR

The presence of INED provides a pivotal role in corporate accountability. The role of the INED is vital as they provide an independent and objective view, advice and judgement, and ensure strategies proposed by the Management are thoroughly discussed and evaluated and that the long-term interests of stakeholders are considered. The INED do not participate in the operation of the Group to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board.

As of the date of this Statement, all INEDs satisfy the following criteria:

- independent from Management and free from any business or other relationship that could interfere with independent judgment or the ability to act in the Company's best interest.
- not involved in the Company's day-to-day operations other than when collective Board approval is required.
- declare their interest or any possible conflict of interest in any matter tabled before the commencement of Board meetings. In a situation where there is a conflict of interest, Directors must excuse themselves and abstain from deliberation and decision-making. This also applies to NINEDs.

BOARD DIVERSITY

The Board believes that a diverse Board that leverages differences in the skills, knowledge, experience and views of Directors will ensure effective stewardship of Management and will steer the Company to retain its competitive advantage.

The Board appointment and re-selection process, delegated to Board Nomination and Remuneration Committee ("BNRC"), continue to pay attention to diversity in terms of experiences, skills, competencies, race, gender and age. The membership of the Board is regularly refreshed, and it is based on objective criteria, merit and contribution the candidate brings to the Board. In this regard, the Board will ensure that women candidates are part of its gender diversity to address the MCG 2021 requirement relating to women's representation on the Board.

BOARD MEETINGS AND ATTENDANCE

The Board meets at least four times a year, with additional meetings convened as and when necessary. Other than Board meetings, urgent matters are also decided via written circular resolutions.

The Board practices active and open discussions at Board meetings to ensure that opportunities are given to all Directors to participate and contribute to the decision-making process. Robust discussions and vigorous deliberations at Board and Board Committee meetings ensure that the process of constructive and healthy dialogue is achieved.

The respective Chairman of the Board Committees also update the Board on the proceedings of their respective Committee meetings.

The Board has full and unrestricted access to all information about the Group's business and affairs, including, among others, financial results, annual budgets, business reviews against business plans and progress reports on the Group's projects and business strategies. The Board ensures that all the information received is accurate, timely and clear.

The agenda and Board papers encompassing comprehensive qualitative and quantitative information are circulated to all Directors before each meeting of the Board to enable informed decision-making by the Board.

Access to Board papers is carried out online through collaborative software, enabling the Directors to securely access and review Board documents and collaborates with other Directors and the Company Secretary electronically.

Presentations and briefings by the Management and relevant external consultants, where applicable, are also held at Board meetings to furnish the Board with explanations on the appropriate agenda items tabled or to provide clarification on issues that any Director may raise.

The Directors dedicated sufficient time to carry out their responsibilities in Board representations. The dates of the meetings of the Board for each financial year were fixed in advance for the whole year to ensure all Board members' dates were booked and to facilitate Management's planning for the entire financial year. During the FY2021, 10 Board Meetings, including six Special Board Meetings, have been held.

The Board is satisfied with the level of time commitment given by the Directors in the discharge of their roles and responsibilities as the Directors of the Company, as evidenced by their attendance at the respective meetings during the FY2021, set out as below:

	SPECIAL BOARD 04/02/ 2021	302 ND BOD 28/02/ 2021	SPECIAL BOARD 07/04/ 2021	303 RD BOD 09/05/ 2021	SPECIAL BOARD 01/07/ 2021	SPECIAL BOARD 30/07/ 2021	304 TH BOD 15/08/ 2021	SPECIAL BOARD 20/10/ 2021	305 TH BOD 21/11/ 2021	SPECIAL BOARD 22/12/ 2021	TOTAL ATTENDED
Datuk Anuar Ahmad	✓	✓	NA	NA	NA	NA	NA	NA	NA	NA	2/2
Tan Sri Dr. Ali Hamsa	NA	NA	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Mohd Faris Adli Shukery	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Dato' Sr. Hisham Jafrey	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Kandasamy A/L Kanny	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Mohd Nordin Jamaludin	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Shamsul Anuar Abdul Majid (Alternate Director: Nina Sapura Rahmat)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓*	10/10
Abdullah Abu Samah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Fawzi Ahmad	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Mohd Fazillah Kamaruddin	NA	NA	NA	NA	✓	✓	✓	✓	✓	✓	6/6

* Attended by Alternate Director

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DIRECTORS' TRAINING

The Board is provided with opportunities to update and refresh their knowledge throughout the year, ensuring that they can effectively fulfil their role as members of the Board and committees. In 2021, the Directors attended various training programmes on issues relevant to the Group.

Training programmes, seminars and briefings attended by the Directors during the year were, among others:

- Johor CEO's Sustainability Virtual Roundtable
- Global Health Transformation Roundtable (Asia-Pacific)
- Board of Directors' Workshop
- Exclusive Talks on Anti-Bribery Management Systems ISO 370001:2016 (ABMS) & Corporate Liability Section 17A
- KPMG Tax and Business Summit 2021
- Managing Human Rights: Why is it important to corporations
- Virtual Business Dialogue on Indonesia New Economic Paradigm: Investment Opportunities in Special Economic Zones

REMUNERATION

The Board believes that the levels of remuneration offered by the Group are sufficient to attract Directors with adequate experience and talents to contribute to the performance of the Group.

Comparison with similar positions within the industry is made to arrive at a fair rate of remuneration. The Board will determine the level of remuneration paid to members.

The details of the remuneration of each Director paid by the Company during the FY2021 are as follows:

	Salary	Allowance/ Others Emolument	Bonuses	Benefits in-kind	Total
RM'000					
Managing Director					
Mohd Faris Adli Shukery	420	266	66	64	816
Independent Non-Executive Directors					
Datuk Anuar Ahmad (resigned 01.03.2021)	16	2	-	-	18
Kandasamy A/L Kanny	65	21	-	-	86
Abdullah Abu Samah	65	23	-	-	88
Fawzi Ahmad	65	22	-	-	87
Mohd Fazillah Kamaruddin	34	12	-	-	46
Non-Independent Non-Executive Directors					
Tan Sri Dr. Ali Hamsa (reclassification from INED to NINED wef 01.07.2021)	84	16	-	-	100
Dato' Sr. Hisham Jafrey (reclassification from INED to NINED wef 01.07.2021)	65	24	-	-	89
Mohd Nordin Jamaludin	-	14	-	-	14
Shamsul Anuar Abdul Majid	-	17	-	-	17
Nina Sapura Rahmat (alternate director to Shamsul Anuar Abd Majid)	-	2	-	-	2
Grand Total	814	419	66	64	1,363

CODE OF BUSINESS ETHICS

The Code of Business Ethics ("COBE") sets forth the standard of conduct and culture required for all employees of the Group. It sets out the ethical standards of conduct that all employees are expected to comply with in their dealings with colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment. Among others, it provides a guideline for the employees in making the right decision when facing the following situation:

- Dealing with compliance
- Dealing with employment and work environment
- Dealing with the Company assets and information
- Dealing with corruption and conflicts of interest
- Dealing with discipline

The Board has set up guidelines that are designed to legalise acceptable behaviours for the committee members to increase confidence in the Group by showing that the Board members are committed to the following basic ethical guidelines in the course of discharging its duties that cover:

- Corporate Governance;
- Relationships: Shareholders, Employees, Creditors, Customers; and
- Social Responsibilities and Environment.

The Directors are required to adhere to the COBE which is contained in the Board Policy Manual, comprising essential aspects as follows:

- Members must represent non-conflicted loyalty in the interests of the Group;
- Members must avoid conflict of interest concerning their fiduciary responsibility;
- Members may not attempt to exercise individual authority over the Group except as explicitly outlined in the Board Policy; and
- Members will respect confidentiality, appropriate to issues of a sensitive nature.

The Directors have to declare immediately to the Board their interests in any transaction to be entered into, directly or indirectly, with the Company/Group. The interested director shall abstain from all deliberations and decision making of the Board on the transaction.

WHISTLE-BLOWING POLICY

This Policy covers any information or complaints received related to an "improper conduct" committed or about to be committed. Kulim assures that all information and identity of the informant or whistle-blower will be processed confidentially and securely.

The objectives of the Policy are as follows:

- Provide a channel for secure reporting against improper conduct;
- Assure the whistle-blower that he/she will be protected from retaliation or reprisal; and
- Ensure that any complaints received will be processed, proper actions are taken, and it ends with systematic and effective action.

This Policy encourages informants or whistle-blowers to disclose their identity or how they can be contacted. However, anonymous information will be entertained and considered for action subject to the decision of the Board Audit and Risk Committee. Kulim views retaliation or reprisal against the informant or whistle-blower seriously. Kulim assures that all disclosures are protected with confidentiality, and he/she would be protected against retaliation in any form under this policy.

Other than making a report to Kulim's whistle-blowing channel, any employee or person who wants to disclose or report any improper conduct is free to lodge a report to any enforcement agency if they choose to do so. Employees or anyone who discloses improper conduct to any enforcement agency shall be protected under the Whistleblower Protection Act 2010.

Kulim's Anti-bribery and Corruption Policy and Whistle-blowing Policy are published on the Group's website.



Anti-bribery and
Corruption Policy



Whistle-blowing Policy

ISO 37001: 2016 ANTI-BRIBERY MANAGEMENT SYSTEM

Kulim signed JCorp's Corporate Integrity Pledge on 15 November 2018 and remains committed to upholding the integrity principles and creating a business environment free from corruption through the establishment of the Integrity Unit in November 2019.

In ensuring that Kulim is free from corruption in the conduct of its business and its interactions with its business partners and the authorities, as well as complying with Section 17A of the Malaysian Anti-Corruption Commission Act (Amendment) 2018 on corporate liability, Kulim has been successfully certified with MS ISO 37001:2016 Anti-Bribery Management System ("ABMS"),

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as one of the tools for fighting corruption and as a defence in meeting the requirement of “adequate procedures”. The scope of the certification covers Oil Palm Plantation (estates and mills), Pineapple Operation, Cattle Operation and Corporate Services in Malaysia.

Kulim Anti-Bribery and Corruption Plan has been developed and will be continuously reviewed to translate the framework to key deliverable areas to achieve the anti-bribery and corruption objectives. The achievement against the goals shall be monitored and reviewed periodically by:

1. Reviewing anti-bribery and corruption-related policies and procedures.
2. Conducting integrity and ABMS awareness programmes.
3. Promoting ABMS amongst all business associates and obtaining their commitment.
4. Conducting ABMS performance evaluation.

During the period under review, Kulim’s Board of Directors has approved the revised anti-bribery and corruption-related policies that will set out the Group’s position on corruption in all its forms and provide guidance on how to act when subjected to potential acts of corruption that might confront the Group in its day-to-day operation.

Apart from the commitment made by the Board, Kulim has successfully obtained the cooperation and commitment to anti-bribery and corruption from its employees and business associates through the declaration made on Employees’ Asset, Conflict of Interest and Anti-Bribery and Corruption pledge. The declaration will be continuously practised for the existing and new employees and business associates. A Bribery Risk Assessment was conducted to identify and evaluate the exposures within the Group, mitigate and prevent potential risks.

The Integrity Unit is responsible for continually promoting good governance, strengthening integrity, monitoring compliance, and dealing with improper conduct.

Anti-Bribery and Corruption and Ethics Commitments

As part of Kulim’s efforts toward anti-bribery and corruption, and ethics commitment, Kulim had sought a pledge from directors, employees, business associates and approving committee members on the following declaration:

1. Anti-Bribery and Corruption Pledge
2. Conflicts of Interest Declaration
3. Assets Declaration
4. No Bribery and Corruption in the Service/Contract Agreement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

FINANCIAL REPORTING

The Board is committed to ensuring that the financial statement of the Group presents a balanced, clear and meaningful assessment of the financial performance and prospects of the Group.

The BARC is entrusted with reviewing the integrity and reliability of the Group’s financial statements and ensuring that these financial statements comply with the relevant accounting and regulatory requirements before recommending for the Board’s approval.

The Statement of Responsibility by Directors regarding the preparation of the annual audited financial statements of the Company and the Group is presented in the Financial Report.

RELATIONSHIP WITH EXTERNAL AUDITORS

The BARC has established a formal and transparent relationship with the external auditors. During the year 2021, the BARC had met with external auditors twice without the presence of the Management to discuss the Group’s audited financial statements for the year ended 31 December 2020 and any matters arising from the audit.

The services provided by the external auditors included statutory audit and non-audit services. The terms of engagement for the services rendered by the external auditors were reviewed by the BARC and approved by the Board.

INTERNAL AUDIT FUNCTION

The Internal Audit function is carried out independently by the Internal Audit Department. They provide an independent review of the adequacy, efficiency and effectiveness of risk management, internal control and governance processes and monitoring of compliance policies and procedures implemented by the Management in the Company. The Internal Auditors adhere to the International Standard for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. All audit reports detailing the audit findings and recommendations are provided to Management with their response to the actions taken.

The summary of the Internal Audit function activities during the year is set out in the BARC Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibilities in an effective internal control system for the Group, covering financial controls and controls relating to operational, compliance, and risk management.

The GMC assists the Board in overseeing the risk management matters relating to the activities of the Group. The GMC reviews the risk management framework and processes to ensure that they remain relevant and monitors the effectiveness of risk treatment or mitigation plans to manage and control the key risks.

The overview of the state of internal control and risk management within the Group is set out in the Statement on Risk Management and Internal Control in this Integrated Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

Our Board is committed to disclosing information in an adequate and timely manner, whether financial, organisational, governance or transactions related, to enable our stakeholders to assess our Group's performance.

COMMUNICATION WITH STAKEHOLDERS

The Group has been using the following formal channels to communicate with shareholders and stakeholders:

a) Integrated Report

The Integrated Report remains a major channel of communication disclosing information on the Group's business, financials, and additional information such as the Group's mission and vision, operation performance, outlooks and Senior Management team. The Board also places great importance on the contents of the Integrated Report to ensure the accuracy of the information as the Integrated Report is a vital source of information.

Integrated Reports of the Company are available to be viewed online on the Company's website.

b) Audited Financial Statements

The Board is fully accountable for ensuring the Audited Financial Statements are prepared in accordance with the Companies Act 2016 and the MFRS to present a true and fair view of the Group and Company's state of affairs, results and cash flows as at the end of the accounting period.

In preparing the Audited Financial Statements, the Directors are satisfied that the applicable MFRS and provisions of the Companies Act 2016 have been complied with, and reasonable and prudent judgements and estimates have been made.

c) Sustainability

The Board recognises that the Company's stakeholders are increasingly interested in understanding its approach and performance in embedding ESG. A Balanced Scorecard ("BSC") on ESG elements has been established to update progress and assist the Board in integrating long-term thinking into day-to-day business decisions and ensure the effective implementation of the Group's ESG strategies and targets.

To further strengthen Kulim's ESG platform to stay relevant and resilient in managing global imperatives, the Company is developing a more structured ESG Framework which will align our sustainability initiatives with our vision, strategy and goals, as well as industry best practices and the ESG Framework of our parent company, JCorp.

The framework is guided by relevant industry standards and recommendations. To ensure initiatives are executed as planned, the Framework to be launched in the second quarter of 2022.

The Group has published a Sustainability Report, which discloses the Group's efforts and initiatives in managing its material economic, environmental, and social risks and opportunities. The reporting is guided by the GRI standard. The Sustainability Statement is on pages 180 to 209 of this Integrated Report.

RELATED PARTY TRANSACTIONS

All related party transactions entered by the Group were made in the ordinary course of business and on the same terms as those prevailing for comparable transactions with other persons or charged based on equitable rates agreed between the parties.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Kulim has a risk management framework and internal control systems in place to safeguard its assets and protect its investments.

Our Board acknowledges the importance of having in place a sound risk management and internal control system practices for good corporate governance with the objective of safeguarding the shareholder's interest and the Group's assets.

Our Board is cognisant of the fact that implementation of a sound risk management and internal control framework helps the Group to achieve its performance and profitability targets by incorporating risk information for better decision-making, while firm internal controls enable appropriate preventive measures to manage risks.

Our Group conducts periodic testing on the adequacy, effectiveness and integrity of the internal controls to ensure the achievement of objectives on the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations. Our Group has in place an ongoing control structure and process for identifying, evaluating and managing the significant risks faced by the Group for the achievement of business objectives and strategies throughout the financial year under review. This process is regularly reviewed by our Board with the assistance of the BARC and Management. The Board retains overall responsibility for implementing and monitoring the internal control and risk management process within the Group.

Our Group's system of internal control is designed to manage, rather than eliminate the risk which could arise from human error, the possibility of poor judgment in decision making, control process being deliberately circumvented by employees and others, Management overriding controls and the incidence of unforeseeable circumstances. Accordingly, it must be recognised that the system can only provide reasonable and not absolute assurance against material misstatement, breaches of laws or regulations, fraud or losses or the occurrence of unforeseen circumstances. In addition, our Management also takes into consideration the expected cost and benefits to be derived from the implementation of the internal control system.

Our statement is prepared in accordance with Principle B of the MCCG 2021 and is guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" endorsed by Bursa Malaysia Securities Berhad. This guideline sets out the obligations of Management and the Board with respect to risk management and internal control. It also provides guidance on the key elements needed in maintaining a sound system of risk management and internal control and describes the process that should be considered in reviewing its effectiveness. The scope of the disclosure excludes associate companies which are not under the control of the Group.

RISK MANAGEMENT FRAMEWORK

The Group recognises the obligation to systematically manage and regularly review its risk profile at a strategic, financial, compliance and operational level. Our Group's ERM framework incorporates the principles and guidelines of the ISO 31000:2018 Risk Management. The framework defines our Group's intention and commitment towards effective risk management and internal control practices. In the financial year under review, the framework was reviewed and updated to reflect current needs and practices of the Group.

The framework also determines the responsibilities of the Group's involvement in ERM, outlines the risk management process and identifies tools for realising the Group's objectives aside from supporting and sustaining risk management throughout the organisation. It supports our Group's efforts to achieve the highest levels of corporate governance, including the creation of value in the short and long-term.

The key success factors of our Group's risk management process are active contribution and communication at the operational and strategic levels. Our Group's risks are managed on an integrated basis and their evaluation is incorporated into the Group's decision-making process such as strategic planning and project feasibility studies. The continuous practices and application across the Group will ensure our Board has sufficient and accurate information about the level of risk the Group could accept and with that information, appropriate controls will be implemented to ensure the achievement of the established business objectives.

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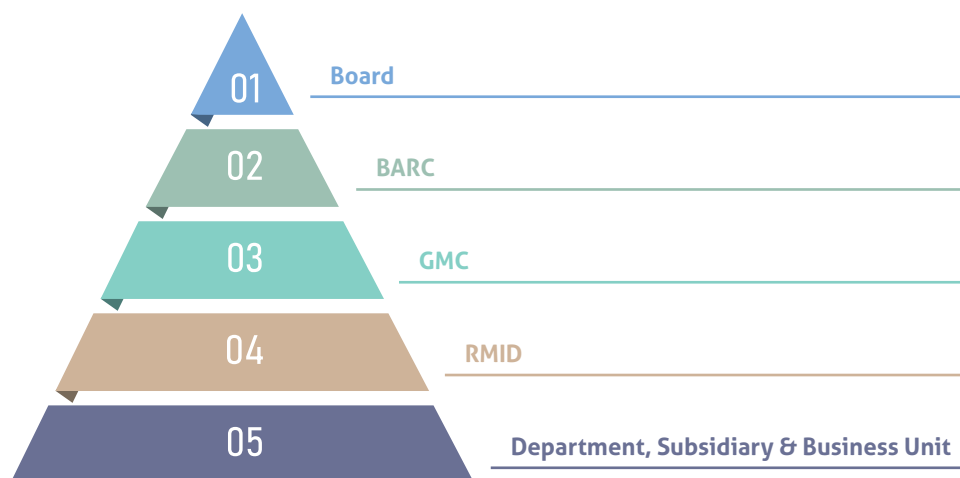
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Our Board believes that the risk management framework is adequately overseen through the BARC and assisted by the Management via the establishment of the GMC. The GMC is represented by Senior Management from all business functions of the Group. The Committee met four times in 2021. This Committee which is cross-functional in nature was formed to assist the Board in implementing the processes for identifying, analysing, evaluating, monitoring and reporting of risks and internal controls and to ensure proper management of risks to which our Group is exposed and to take appropriate and timely actions to manage such risks. In 2021, the GMC's role was expanded to support the continuous improvement of the Business Continuity Programme and Integrity. The BARC which consists of members with diversity in the industry and business knowledge will periodically review the risk management report and provide an objective view on the risk identification, assessment and challenge the management on the adequacy of mitigating strategies.

A strong culture of ownership and accountability is further built through a clear identification of specific roles and responsibilities in our framework that is Board, BARC, GMC, the Risk Management and Integrity Department ("RMID"), Risk Owner, Risk Co-Owner, the Internal Audit Department and all staff. This has improved their understanding of the boundaries of their responsibilities and how their positions fit into the organisation's overall risk and control structure as well as minimising the potential gaps in controls and unnecessary duplications of coverage.

RISK MANAGEMENT PROCESS

During the financial year under review, our Group's ERM approach which prioritises risk according to their likelihood and impact went through the following steps:



BOARD OF DIRECTORS REVIEW:

The Chairman of BARC will bring to the Board's attention, the significant risks as tabled and discussed in the BARC meeting. The Board will then determine the final decision on the risk treatment options and risk action plans proposed by Management.

BOARD AUDIT AND RISK COMMITTEE REVIEW:

The BARC provides an objective view on the significant risks presented by the Head of Governance Division. The BARC will request and challenge risk information and its risk mitigation strategies implemented by the Group. The BARC also acts as a change catalyst in risk and control areas in the Group.

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COMPILATION OF GROUP RISK PROFILE:

All the endorsed top risks as tabled to the GMC will be extracted as the Group Risk Profile in accordance with the Group's financial or non-financial risk parameter.

PRESENTATION TO THE GMC:

RMID will facilitate the Risk Owner during the risk assessment and risk action planning. Each risk will be evaluated in terms of the adequacy and effectiveness of the existing internal checks and balances controls, so as to provide a reasonable assurance that the likelihood and impact of the adverse event are within a manageable and acceptable level. The level of likelihood of a particular outcome actually occurring, including a consideration of the frequency of the event is determined using an approved likelihood parameter. The impact of an event is similarly evaluated using an approved financial or non-financial impact parameter. The GMC will review, rank and debate the risk profile, its ratings, control effectiveness and risk treatment options plan identified by the Risk Owners.

DEPARTMENT, SUBSIDIARY AND BUSINESS UNIT RISK ASSESSMENT:

The risk owner performs an exercise to identify and assess risk. The main sources of reference used at the identification phase are the business plans and budgets, financial and production performances, Board and integrated reports, audit findings, market and sector research, compliance report and historical data. The exercise also covers a comprehensive occupational, safety and health risk assessment process through the Hazard Identification, Risk Assessment and Risk Control ("HIRAC"). The risk owner provides RMID with an updated risk register quarterly. The risk level is determined according to their respective financial or non-financial risk parameters.

In ensuring our Group achieves its objectives, sustains the businesses and continues to add value to the stakeholders in the short, medium and long-term run, our risk management process and approach is tailored to the Group's structure and its constantly changing environment, to ensure that our Group can continuously monitor and review its risks and the effectiveness of its risk management over time. Based on the results of monitoring and reviews, decisions are made on how the risk management programme can be improved. These decisions should lead to improvements in our Group's management of risks and its risk management culture.

A separate risk management function also exists within our Group's listed subsidiary with the establishment of its own GMC to assess and evaluate the risk management process of the company on a periodic basis.

In essence, the management of risks is treated as an iterative process. The benefit arising from effective risk management processes is the creation of awareness of risks among employees of different departments, subsidiaries and business units.

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

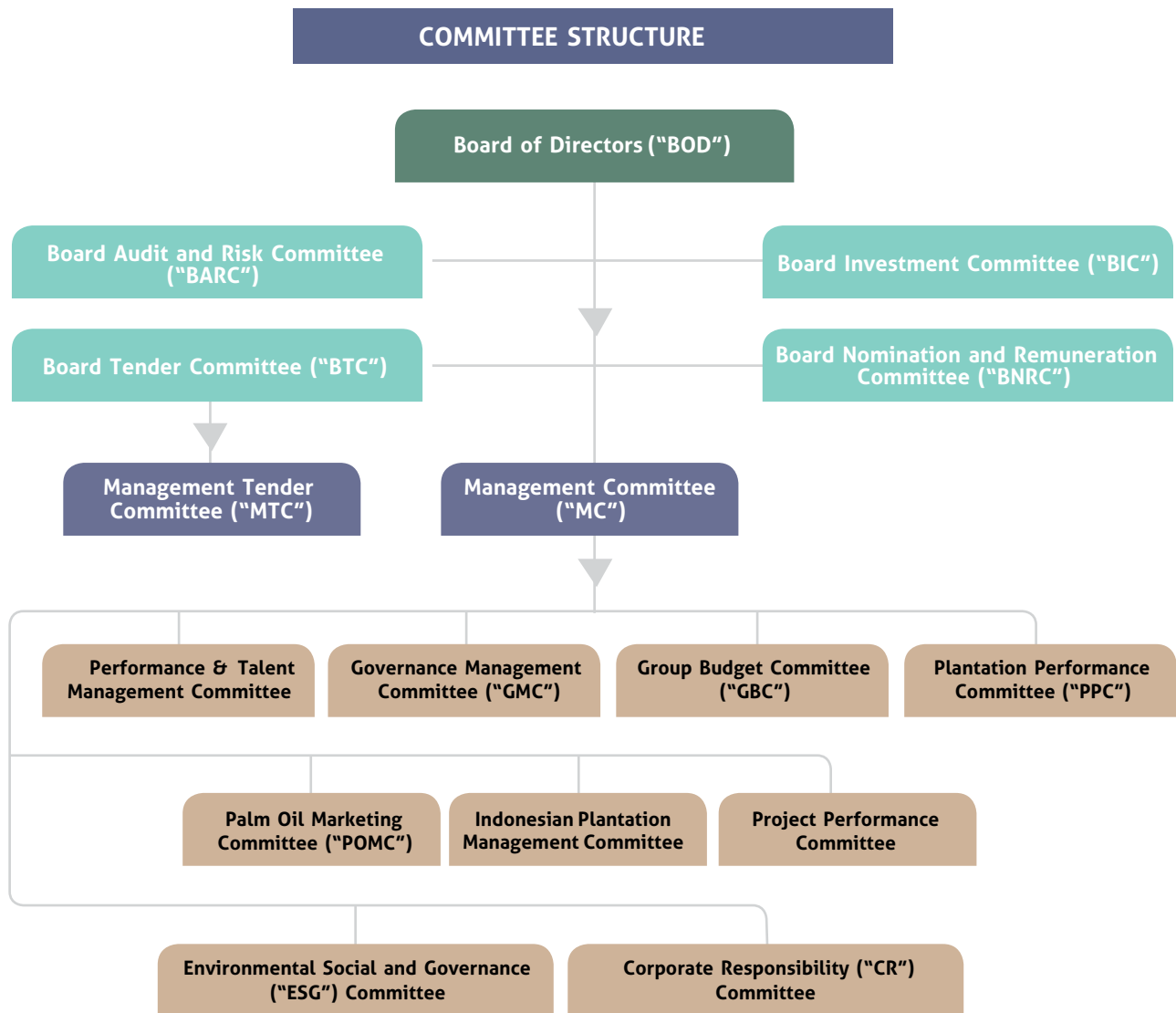
The Board and the Management are committed to establishing a strong control environment through a robust and effective check and balance. The control environment comprises integrity and ethical values, the parameters enabling the Board to carry out its governance oversight responsibilities, organisational structure and assignment of authority and responsibility, and effective human capital management. The Group's established objectives will be achieved through its commitment to continuously enhance the design of the internal control environment through the adoption of various policies and procedures.

BOARD AND MANAGEMENT

The Board and Management Committees are set up to promote a high level of corporate governance, transparency and accountability and to assist the Board in implementing and monitoring the system of internal controls within the Group with the aim of realising the vision, mission, strategies and objectives established for the Group. The Committees oversee the areas assigned according to their Terms of Reference ("TOR") which are carefully developed to ensure that they are aligned with the Group's objectives, short-term and long-term strategic plans and to avoid overlapping activities and gaps in coverage of governance.

During the financial year under review, the Management Committee of Kulim rationalised its internal committees to streamline and strengthen the existing committee portfolio with an explicit goal of improving efficiency, reducing complexity and providing Management with better information for the decision-making process.

The composition of members of the internal committees is continuously reviewed to ensure that collectively, members have informed knowledge of the Group's different industries, and an ability to understand fundamental financial indicators, including knowledge of key business and financial risks, as well as internal control fundamentals. This arrangement improves the evaluation process and has the least element of surprise, ultimately providing a greater chance of success to any proposed investment.



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THE FUNCTION OF THE COMMITTEE

Risk Factors	Mitigating Strategies
1. Management Committee ("MC")	<ul style="list-style-type: none"> To review and evaluate the performance progress including the key policy and strategy implementations of various divisions, subsidiaries and operating units of the Group Where authorised to, formulate and approve matters relating to Group policy, objectives and business strategy and projects, and where necessary to evaluate and recommend for Board's approval
2. Management Tender Committee ("MTC")	<ul style="list-style-type: none"> To recommend to the BTC the award of contracts for purchases and projects to suppliers or contractors in accordance with the established Company's policy and procedures To discuss and deliberate on the tender to be awarded (budgeted)
3. Performance Talent Management Committee	<ul style="list-style-type: none"> To discuss and deliberate performance, achievement, behavioural competencies, and manpower planning
4. Plantation Performance Committee ("PPC")	<ul style="list-style-type: none"> A platform for plantation division to discuss and ensure that estates are being run, coordinated and managed at the best possible standards to meet the Company's requirements and target
5. Group Budget Committee ("GBC")	<ul style="list-style-type: none"> To deliberate, challenge and approve the Group's budget for the forthcoming year. The approved budget will be consolidated in Kulim Group's 5-year strategic plan To monitor the current year's approved budget and present any revision and mitigation plan to the higher authority for approval
6. Governance Management Committee ("GMC")	<ul style="list-style-type: none"> A platform to deliberate audit issues and agreed action plans as highlighted in the internal audit reports, and assist the management in fulfilling its responsibilities in relation to the Group's corporate governance matters including management of risk, internal control, integrity, business continuity, compliance, policy and procedure To review the performance of the anti-bribery management system, the effectiveness of actions taken to address bribery risk, and any opportunities for continual improvement while providing support as well as maintenance to the ISO 37001:2016 certification
7. Palm Oil Marketing Committee ("POMC")	<ul style="list-style-type: none"> To supervise and monitor the sales of the Palm Products (CPO and PK), strategies and sales planning of the Group To discuss matters relating to quality and operations of the Palm Products including outside crop purchase
8. Environmental Social and Governance ("ESG") Committee	<ul style="list-style-type: none"> To assist Management in overseeing and monitoring the development, implementation, maintenance and compliance of all matters relating to the environment, social, safety and health, certifications and sustainability matters
9. Indonesian Operation Management Committee	<ul style="list-style-type: none"> To act as a bridge to monitor the Group's Indonesian plantation operations in light of accessibility issues and geographical distance
10. Corporate Responsibility ("CR") Committee	<ul style="list-style-type: none"> To supervise and plan Group's CR initiatives
11. Project Performance Committee	<ul style="list-style-type: none"> To ensure that the projects of the Group's palm oil mills, estates, business units and subsidiaries are being run, coordinated and managed at the best possible standards to meet the Company's requirements and target

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GROUP POLICIES AND PROCEDURES

Our Group policies and procedures are developed to ensure the effectiveness and efficiency of our operations, financial and non-financial reporting's reliability, timeliness, accountability, transparency and adherence to the laws and regulations that our business is subjected to.

These policies and procedures were approved by the Management and the Board. Periodically, we will review them to ensure they remain relevant and effective. The Group policies and procedures in place are, among others:

- Accounting Policy and Procedures
- Agriculture Manual
- Anti-Bribery and Corruption Policy
- Conflict of Interest Policy
- Contract Administration Guidelines and Procedures
- Core Labor Standard Policy
- Corporate Responsibility Policy
- Due Diligence Policy
- Environmental Policy
- Financial Policy
- Forward Selling Policy
- Gift & Entertainment Policy
- Halal Policy
- Investment Policy
- Limits of Authority
- Malaysian Sustainable Palm Oil Policy
- Occupational, Safety and Health Policy
- People Policy
- Information Communication Technology Policies and Procedures
- Purchasing Guidelines and Procedures
- Quality Policy
- Referral Letter Policy
- Sustainability Policy
- Treasury Procedures
- Whistle-Blowing Policy

FINANCIAL AND OPERATION CONTROL FRAMEWORK

Our Group acts in accordance with MFRS and the requirements of the Companies Act 2016. Review of our actual performance against budget and performance in prior periods are also carried out, and appropriate mitigating and monitoring are also continuously carried out.

BARC, together with the Management, reviews the Group's quarterly financial performance and subsequently reports to the Board. The Group's financial results and operational performance will be assessed by the BARC which particularly focuses on changes in major accounting policy, any significant matters or

unusual events or transactions, related party transactions and integrity of the Group financial information.

The Group continues to ensure robust execution of financial practices and responsibilities. During the financial year under review, the Board approved the Group's new financial policy as an enhancement to the previous Accounting Policies and Procedures (Revised in 2018). This policy sets out the governing principles to be adopted by the Group in the management and recording of financial-related activities. The Board has also approved the revised Accounting Policy that focuses on ensuring improved financial reporting, delivering reliable information and providing a guideline to the employees by providing the rules and format in preparing financial reporting.

The Board approved the Group's LOA on 9 May 2021. The Group's LOA empowers Management with a defined delegation of authority for corporate, strategic, operating and capital expenditure decisions. The LOA promotes consistency while ensuring organisational efficiency and effectiveness in the performance of daily business operations and activities of Kulim. The LOA facilitates sound and timely decision making as it covers significant aspects of business activities, among others, financial, supply chain, operation, investments, sales, marketing and trading.

Our 5-year strategic planning exercise is conducted annually and approved by the Board. Our Group is guided by this 5-year strategic planning which specifically outlines the business objectives and strategies. In this new era of digitalisation alongside the challenging economic and rapidly changing business landscape, new opportunities and innovative strategies are continuously explored to create a competitive advantage that ultimately will expand our business and investment portfolio. In this respect, we are always improving and strengthening our core competencies strategies in our strategic planning exercise.

HUMAN CAPITAL MANAGEMENT

Our Group's organisation structure delineates the line of authority, responsibility and accountability. Its formation is focusing on both performance delivery and business continuity through succession planning. It fosters and promotes the continual development of employees, and ensures that key positions maintain some measure of stability, thus enabling our Group to achieve its business objectives.

The structure supports our Group's ability to ensure that qualified and experienced management personnel who head the Group's diverse operating units are always available and in place to carry out their job functions. Training analysis is conducted annually, and various internal and external training programmes are in

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place to fulfil the actual skills and knowledge required. Their performance is measured against the established BSC which has been approved by the Board.

The COVID-19 pandemic, lockdown and physical distancing have driven Management to seek alternative solutions, among others, adapting to the new normal including working remotely and virtual training. These human capital initiatives will help ensure the Group retains its competitive advantage.

STATUTORY AND REGULATORY COMPLIANCE

Our Group is committed to complying with applicable statutory and regulatory requirements and we are subjected to regular inspections by relevant authorities. Our Group is aware of and continuously considers any appropriate commitment towards statutory and regulatory compliance. Several initiatives are underway to monitor our level of compliance with applicable laws and requirements, which include:

- Bi-monthly compliance report from each department, subsidiary and business unit to identify any non-compliance matter that needs to be addressed together with the corrective action plan.
- Monitor the implementation and evaluate the effectiveness of the corrective action plan.
- Conduct compliance identification and assessment on every new business, project and investment proposal.
- Periodical compliance assessment visit on selected departments, subsidiaries and business units.

CORPORATE INTEGRITY

Our Group's corporate integrity initiatives are crafted to ensure the conduct of our affairs is in an ethical, responsible and transparent manner.

We are committed to the highest standards of integrity, openness and accountability in the conduct of our businesses and operations.

- Our Business Policy and Ethics Policy are the key policies that govern and act as a guide on the standards of conduct that are expected from the Board, Management and employees, and help them make the right decision in the course of performing their jobs to the highest standards of ethics, integrity and governance.
- During the financial year under review, the Group's COBE manual was developed to reflect our commitment to upholding the integrity of our businesses. The COBE contains integrity and ethical principles that guide our behaviour beyond mere compliance with laws and regulations, and also drive us to make the right choice when facing difficult situations.
- The Anti-Bribery and Corruption Policy exhibits Kulim's commitment to upholding ethical principles, values and creating a business environment that is free from corruption. Each employee and Director must comply with the provisions of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 and any other anti-bribery and corruption-related local laws of the countries in which Kulim operates.
- Our anti-bribery related policies, namely, Anti-Bribery and Corruption, Conflicts of Interest, Due-Diligence, Gift & Entertainment, Referral Letter and Whistle-Blowing are periodically reviewed to ensure their effectiveness and to promote a better culture of transparency. During the financial year under review, Anti-Bribery and Corruption, Conflicts of Interest and Due-Diligence policies were revised and approved by the Board for implementation.
- Declaration on anti-bribery also was obtained using the Client and Vendor Integrity Pledge. An explicit Anti-Bribery and Termination Clause was incorporated in the contract and service agreement to promote the anti-bribery and corruption agenda.

- The Conflict of Interest Policy dictates all employees and Directors to make a declaration on their conflict of interest in any situation that involves, or appears to involve, a conflict between their personal interests and the interests of Kulim to avoid circumstances that might affect their judgement or impartiality in performing their duties. Upon taking up the employment of appointment with Kulim, all employees are also required to make a declaration of their assets within Malaysia and abroad as one of the tools in monitoring and preventing corruption and illicit enrichment.
- The Due-Diligence Policy requires a systematic and comprehensive evaluation and validation process that must be performed prior to making any consideration or refusal on any proposed transaction that is of importance to the business and operations of Kulim. It acts as a mitigation and prevention measure against potential corruption.
- The Gift & Entertainment Policy provides guidelines in accepting or providing gifts or entertainment in fulfilling our responsibilities on official matters. It also covers the prohibition in the offering, promising, giving, requesting or accepting any facilitation payments to secure or expedite the performance or to achieve our business objectives.
- The Referral Letter Policy provides the assurance that Kulim treats others fairly and objectively in all its business dealings. If there is any recommendation received following a referral letter, that recommendation shall not be used as a basis, merit or qualification in considering a decision in Kulim. Instead, we must act in accordance with the provisions of the law, regulations, and Kulim's policy and procedures, at all times.
- The Whistle-blowing Policy offers a channel through which improper conduct or wrongdoings can be reported. Kulim assures that all the information and identity of the informant or whistle-blower will be processed confidentially and securely. Kulim ensures that any complaints received will be processed, proper action will be taken and ends with systematic and effective action by Kulim.
- The Grievance Policy and Procedure, as well as Women OnWards ("WOW"), were introduced to allow employees to bring to the attention of the Management any dissatisfaction or feeling of injustice that may exist in respect of the workplace. The Management will attempt to resolve the grievance in a manner which is acceptable to the employee concerned and the Group.

All the corporate integrity initiatives were designed with the aim of strengthening our Group's integrity culture, infrastructure and to further increase our stakeholders' confidence.

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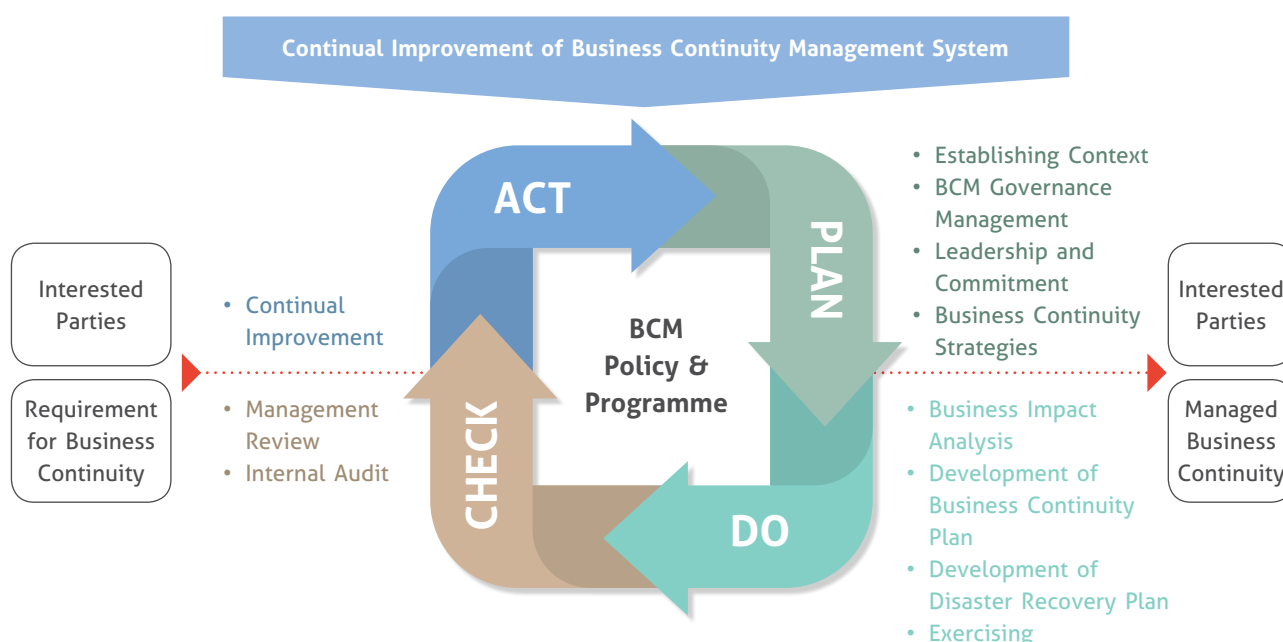
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BUSINESS CONTINUITY (“BCM”) FRAMEWORK

In the aftermath of the global pandemic, the Group continues to enhance its risk management practices to meet the challenges as a result of increased threats and uncertainties.

During the financial year under review, the Group established a comprehensive BCM function to support the Board and Management in discharging their duties towards ensuring the Group’s business continuity in the event of threats and disruptions.

The Group has also instituted a detailed and exhaustive BCM programme to make certain that a systematic and structured approach is adopted to ensure the Group preparedness, resilience and ability to continue its business operation with minimum impact in the event of significant business disruption or threats. As part of the programme, the Group has developed its BCM Policy and Framework. The established BCM framework was approved by the Board on 21 November 2021.



The BCM framework was developed with reference to ISO 22301:2019 Security Resilience Business Continuity Management System – Requirement and Business Continuity Institute Good Practice and Guideline (BCI: 2018). BCM complements and reinforces the Group’s ERM framework to provide tools to address those risks identified that might impact the continuity of business operation.

The framework demonstrates leadership and commitment from Management to continuously leads the drive to enhance the Group’s business continuity processes which encompass emergency response, crisis management, crisis communication, business continuity and IT disaster recovery.

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BOARD AUDIT AND RISK COMMITTEE REPORT

The Board of Kulim is pleased to present the Board Audit and Risk Committee ("BARC") report for the financial year 2021.

This report provides an insight into the activities of the BARC during the year under review.



ABDULLAH ABU SAMAH

Chairman/Independent
Non-Executive Director



DATO' SR. HISHAM JAFREY

Member/Non-Independent
Non-Executive Director



FAWZI AHMAD

Member/Independent
Non-Executive Director

MEMBERS OF THE BOARD AUDIT AND RISK COMMITTEE

The BARC is made up of three non-executive directors. The members of the BARC during the financial year and up to the date of this BARC report are as follows:

Member	Appointment Date	Designation/Directorship
Abdullah Abu Samah	1 February 2021	Chairman/Independent Non-Executive Director
Dato' Sr. Hisham Jafrey	1 February 2021	Member/Non-Independent Non-Executive Director
Fawzi Ahmad	1 February 2021	Member/Independent Non-Executive Director

BOARD AUDIT AND RISK COMMITTEE REPORT

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MEETING ATTENDANCE

During the financial year under review, four BARC meetings were held and details of attendance are as follows:

Member	22/02/2021	05/05/2021	09/08/2021	08/11/2021	Total
Abdullah Abu Samah	✓	✓	✓	✓	4/4
Dato' Sr. Hisham Jafrey	✓	✓	✓	✓	4/4
Fawzi Ahmad	✓	✓	✓	✓	4/4

During the financial year under review, the Chairman of the BARC engaged on a continuous basis with Senior Management, Internal Auditors and the External Auditors, in order to keep abreast of matters and issues affecting the Group.

The Company Secretary acted as the secretary to the BARC. Notes of each meeting were distributed to each Board member and the Chairman of the BARC reported on key issues discussed at each meeting to the Board.

As the Board is ultimately responsible for the oversight of the Company, it is consistently kept informed by the BARC of its activities. In this connection, the BARC meeting is always held before a Board meeting to ensure that all critical issues, significant findings and irregularities are communicated to the Board on a timely basis.

ROLES AND RESPONSIBILITIES

During the financial year under review, BARC continued to play a key role in assisting the Board to fulfil its oversight responsibilities. BARC's activities were focused on ensuring the Group's financial reporting process, and monitoring the management of risk and system of internal control, external and internal process, integrity, and compliance with legal and regulatory with the support of the Internal Audit Department and the Risk Management and Integrity Department.

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The BARC's responsibilities and activities for the financial year under review are summarised as follows:

Scope of Responsibilities	Activities
Financial Reporting	<ul style="list-style-type: none"> Reviewed and recommended to the Board, the quarterly unaudited financial report for the FY2021 Assisted the Board in reviewing the audited financial statements of the Group and Company for the year 2021 and ensuring that the financial statements had been prepared in accordance with MFRS, International Financial Reporting Standards ("IFRS") and the requirement of the Companies Act 2016 in Malaysia
Risk Management & Internal Control	<ul style="list-style-type: none"> Assisted the Board in ensuring that a robust process for identifying, evaluating and managing the significant risks faced by the Group was in place and operating effectively Reviewed the Group's risk profile with focus on the key risks identified Reviewed the adequacy and effectiveness of the internal control system, taking into account the findings from internal and external audit reports. Further details on the Group's risk management process are included in the Statement on Risk Management and Internal Control in this Integrated Report Approved the revised Enterprise Risk Management framework Approved the newly developed LOA and BCM policy and framework
Compliance	<ul style="list-style-type: none"> Reviewed arrangements established by the Company for compliance with any regulatory requirements, by-laws and regulations related to the Group's operations
Internal Audit	<ul style="list-style-type: none"> Reviewed and approved the annual audit plan and budget for activities to be undertaken during the financial year under review Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function Reviewed the effectiveness and adequacy of governance, risk management, operational and compliance processes Reviewed the adequacy and effectiveness of corrective actions taken by management on all significant matters raised
External Audit	<ul style="list-style-type: none"> Assessed the effectiveness of the external audit process and appropriateness of the audit scope, including reviewing the audit plans and findings of external audits
Integrity	<ul style="list-style-type: none"> Approved the organisation's Anti-Bribery and Corruption Policy Ensured that the organisation's strategy and Anti-Bribery and Corruption Policy are aligned Received and reviewed information about the content and operation of the organisation's anti-bribery management system Assured that adequate and appropriate resources needed for the effective operation of the anti-bribery management system are allocated and assigned Exercised reasonable oversight over the implementation of the organisation's anti-bribery management system by top management and its effectiveness Ensured the mechanism of the Whistle-Blowing Policy was effective and efficient its objective being to provide protection and confidentiality

BOARD AUDIT AND RISK COMMITTEE REPORT

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**ABDUL RASHID AHMAD
@ MOHD JAINI**
Senior Manager

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit function. A Senior Manager of the Internal Audit Department ("IAD") who is a Certified Internal Auditor ("CIA") heads the Internal Audit function. He reports functionally to the BARC. IAD is independent from the activities or operations of other operating units within the Group. The BARC approves the Internal Audit Charter, which sets out the role, accountability and authority of the Internal Audit function. The Charter gives the IAD unrestricted access to review all activities within the Group.

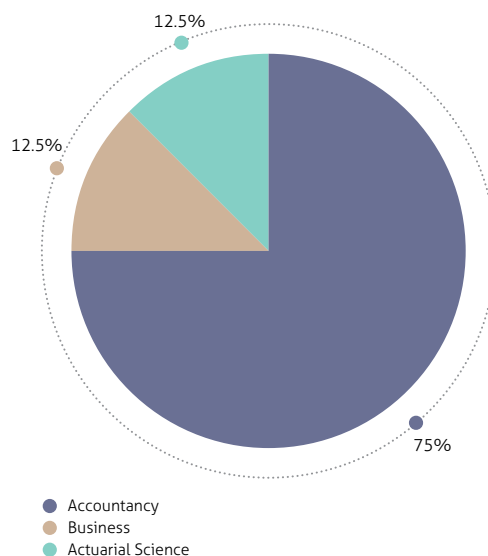
The Internal Audit function provides the BARC with independent and objective reports on the state of internal control of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The Internal Audit function is carried out by IAD in accordance with the International Professional Practices Framework ("IPPF") set by the Institute of Internal Auditors ("IIA").

In the financial year under review, IAD adopted a risk-based approach towards planning and conduct of audits which was partly guided by Kulim's ERM framework. The BARC reviewed and approved the Internal Audit plan of the Group. Remote audits were conducted during the financial year under review in light of the COVID-19 pandemic restrictions while physical audits were continuously performed where necessary with strict adherence to the conditions and Standard Operating Procedures set by the National Security Council. Audit reports were issued during the year incorporating findings, recommendations to improve on the weaknesses noted in the course of the audits and management's comments on the findings. Management was responsible to ensure that corrective actions on reported weaknesses as recommended were taken within the required time frame to ensure that all potential weaknesses in the system and risks under review are mitigated or remain within acceptable levels.

A reliable follow-up system has been put in place to ensure that all remedial actions are carried out based on the agreed action plans as highlighted in the audit report.

RESOURCES

As of 31 December 2021, the total manpower was eight persons comprising auditors of different backgrounds and multi-disciplines as follows:



COVERAGE

The IAD audit universe, which consists of auditable areas or activities that are available to be audited, considers and reflects the overall Kulim's planned business activities and designs that may affect the organisation. In determining the audit universe, IAD has taken into consideration the current operational structure, functions, systems, processes and business activities of Kulim.

In 2021, the audit coverage was focused on high-risk areas that were identified by leveraging the organisation's risk management framework as well as IAD's own risk assessment. It also covered management requests as well as consulting activities which are in line with the Audit Charter. The assurance engagement covered plantation operations in Malaysia and Indonesia, subsidiaries, business units and support services, while consulting activity consisted of a control self-assessment programme.

The Internal Audit maintains a Quality Assurance and Improvement Programme and continuously monitors its overall effectiveness.

The total cost incurred to maintain the Internal Audit function at the Group's Corporate Office level for the financial year under review was approximately RM1,851,000 (2020: RM1,555,000) comprising mainly personnel cost, travelling and accommodation expenses and subsistence allowance.

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SUSTAINABILITY STATEMENT

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OUR APPROACH TO SUSTAINABILITY

Sustainability is part of Kulim's DNA; we have always sought to operate in a manner that is respectful of the needs of local communities while protecting the natural environment. Guided by an intrinsic commitment to sustainability, we adopted many agricultural practices in our early years that are now recognised as being sustainable. At the same time, we established and have maintained strong links with communities living in the vicinity of our operations.

We were a pioneering member of the RSPO and one of the first plantation companies in the world to achieve its certification. Ever since, we have continued to adopt more global and local standards as these have emerged. Recommendations and key principles of these standards are reflected in our Sustainability Policy, which is reviewed regularly. Following a review in October 2021, our policy underlines our commitment to "No Deforestation; Protection of Peat Areas; and No Exploitation of People and Communities".

To strengthen Kulim's ESG platform to remain resilient in managing global imperatives, Kulim is developing a more structured ESG Framework which will align our sustainability initiatives with our vision, strategy and goals, as well as industry best practices in line with the Framework of our parent company, JCorp. This new framework is to be launched in the second quarter of 2022.

VISION

To be the most progressive, efficient, profitable and respectable agribusiness company in the region.

MISSION

- Committed to generate sustainable growth and profits, and to consistently enhance our stakeholder value
- To provide extensive professionalism and innovation to drive business forward
- To achieve operational excellence through continuous improvement and best practices
- To produce trusted products and services of superior value
- To strive towards high business ethics and governance
- To be an exemplary corporate citizen that is responsible to society and the environment

ENVIRONMENTAL MATTERS

- HCV/HCS Protection and Management
- Carbon Emissions
- Water Management
- Responsible Chemical Use
- Waste and Pollution Management
- Renewable Energy
- Fire and Haze
- Recycling
- Agricultural Productivity

SOCIAL MATTERS

- Occupational Safety and Health
- Diversity and Equal Opportunity
- Training and Education
- Human Rights and Labour Practices
- Workers' Union
- Grievance Mechanism
- Smallholder Inclusion Programme
- Community Investment and Engagement
- Supply Chain Management
- Market Presence
- Economic Performance
- COVID-19

GOVERNANCE MATTERS

- Corporate Governance
- Anti-Corruption
- Compliance
- Product Quality
- Customer Satisfaction
- Transparency and Traceability

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As indicated in the diagram, our sustainability approach is based on achieving positive ESG outcomes. ESG considerations are integrated into every aspect of our business operations, influencing our strategies and decision-making in order to keep enhancing our stakeholder value.

Since the UN SDGs in 2015, we have mapped our initiatives against these global imperatives. Having identified 10 SDGs that are most relevant to our operations, we are aligning our sustainability initiatives with individual targets set within the goals. The 10 SDGs and our related initiatives are indicated below:



UN SDGs	KULIM'S INITIATIVES
 <p>Good Health and Well-being</p>	<ul style="list-style-type: none"> • Contributions to the underprivileged through Yayasan Johor Corporation • Provision of clinics and healthcare facilities for our workers and local communities at our plantations
 <p>Quality Education</p>	<ul style="list-style-type: none"> • Provision of school uniforms for employees' children
 <p>Gender Equality</p>	<ul style="list-style-type: none"> • Policies against free discrimination on women throughout our operation • Policies against any form of sexual harassment • Establishment of WOW, previously known as Panel Aduan Wanita ("PAW"), in July 2008 to give women in Kulim a stronger voice
 <p>Decent Work and Economic Growth</p>	<ul style="list-style-type: none"> • Adherence to Malaysia's labour laws and ILO's Declaration on Fundamental Principles and Rights at Work • Adherence to the Principle of Free, Prior and Informed Consent ("FPIC") in hiring workers • Policy against free discrimination based on race, ethnic origin, caste, national origin, disability, religion, gender, sexual orientation, gender identity, union membership, political affiliation or age • Practice of "equal pay for equal work"
 <p>Industry, Innovation and Infrastructure</p>	<ul style="list-style-type: none"> • Mechanisation in our estates through the use of mini tractors with scissor lifts/grabbers, BIN system and manure application using Verion Spreader • Establishment of Kulim Plantation Management System ("K-Plant") using GIS and other digital technologies for more efficient operations
 <p>Responsible Consumption and Production</p>	<ul style="list-style-type: none"> • Adherence to the principles of sustainability certification to ensure production is environmentally and socially responsible • Use of Integrated Pest Management ("IPM") leveraging animals to control weeds and rodents • Initiatives to reduce consumption of fuel, water and materials • Recycling/re-purposing of almost all bio-waste • Proper management of hazardous waste

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UN SDGs

KULIM'S INITIATIVES



Climate Action

- Methane capture from POME and conversion into energy through biogas plants set up at our five POMs
- Commissioning of our fifth biogas plant at Tereh POM in September 2021
- Setting up of a biomethane plant at Sedenak POM which is expected to be commissioned by third quarter of 2022
- Installation of bio-CNG at Tereh POM and Sindora POM which are expected to be commissioned in 2023



Life on Land

- No deforestation, no peat development and no new development in primary forests or HCV areas
- Promotion of optimum land use to ensure long-term sustainability and productivity for agricultural use, including efforts to:
 - Reduce water pollution combining inorganic with organic fertilisers derived from EFB
 - Minimise soil erosion
- Collaboration with the WCS and Johor Department of Wildlife to protect wildlife
- Collaboration with WCS and the MEME on human-elephant conflict research



Peace, Justice and Strong Institutions

- Efforts to build peaceful relations with employees as well as external stakeholders
- Active contribution towards social causes and promotion of employee volunteerism
- Compliance with relevant national regulations and adherence to international agreements
- Policy against free discrimination and grievance channel for stakeholders to raise concerns
- Respect for employees' freedom and fundamental rights



Partnerships for the Goals

- Founding member of the RSPO
- Member of Malaysian Agricultural Producers Association ("MAPA") and All Malayan Estate Staff Union ("AMESU")
- Member of Malaysian Palm Oil Association ("MPOA")
- Partnership with Johor Wildlife Conservation Project ("JWCP")
- Management and Ecology of Malaysian Elephants ("MEME")
- Member of HCV Network

OUR SUSTAINABILITY JOURNEY

The Group's sustainability journey officially began in 2004, when we subscribed to the RSPO. We then developed our Sustainable Management System ("SMS") based on the structures, practices and responsibilities defined in RSPO's Principles and Criteria. The SMS places priority on maintaining a safe, healthy and viable work environment in compliance with all applicable legislations.

Our SMS guides us to maintain the following sustainable development and performance principles:

- 01 We invest in training and development of employees to improve their knowledge, skills and competency thus enhancing their performance and advancing their careers.
- 02 We promote optimum land use to ensure long-term sustainability and productivity for agricultural use.
- 03 We strive to build community trust by integrating corporate responsibility and sustainability in all our business processes and contributing to the well-being of the communities in which we operate.
- 04 We uphold the principle of Free, Prior and Informed Consent ("FPIC") in all negotiations and interactions with stakeholders.
- 05 We agree that there will be no new development in primary forests classified as High Carbon Stock ("HCS") or in areas with HCV.

KEY SUSTAINABILITY MILESTONES



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SUSTAINABILITY CERTIFICATIONS

As the palm oil industry is associated with socio-environmental issues such as deforestation, loss of carbon sinks and biodiversity, and the displacement of local communities, guidelines have been developed to aid in the production of sustainable palm oil. Producers that adhere to these schemes are audited and certified as a means of demonstrating the sustainability of their produce.

Among the most widely accepted schemes are the RSPO and ISCC. Malaysia, being the world's second largest palm oil exporter, has developed its own MSPO standard.

About the RSPO

Established in 2004, the RSPO is the most widely used sustainability standard in the industry. As of 2018, it comprises the following seven principles:

- Behave ethically and transparently
- Operate legally and respect rights
- Optimise productivity, efficiency, positive impacts and resilience
- Respect community and human rights, and deliver benefits
- Support smallholders' inclusion
- Respect workers' rights and inclusion
- Protect, conserve and enhance ecosystems, and the environment

Today, all our mills and estates (comprising 60,963.97 ha) are RSPO certified. We also provide advisory and technical support for our smallholders to attain the RSPO certification through our Smallholder Inclusion Programme. As a result, three of our 30 outgrowers have been certified while another 27 are working towards it. Our target is for all of our outgrowers to be certified by 2025.

About the ISCC

The ISCC standard ensures compliance with the requirements of the European Union, Renewable Energy Directive and Germany's Sustainability Ordinance. On 1 July 2021, ISCC revised its ISCC EU System Document to comply with the RED II (Renewable Energy Directive (EU) 2018/2001) requirements by the European Commission.

Working towards a more sustainable world, the ISCC promotes the following:

- Implementation of zero-deforestation
- Protection of land with high biodiversity value and high carbon stock
- Protection of soil, water and air
- Compliance with human, labour and land rights
- Measurement and reduction of greenhouse gas emissions
- Traceability throughout supply chains
- Compliance with laws and international treaties
- Good management practices

All five of our mills have been accorded ISCC status since 2018.

About the MSPO

The MSPO, launched in 2015, covers the entire supply chain from oil palm plantations to downstream facilities. It contains seven principles:

- Management commitment and responsibility
- Transparency
- Compliance with legal requirements
- Social responsibility, health, safety, and employment conditions
- Environment, natural resources, biodiversity and ecosystem services
- Best practices
- Development of new plantings

All our mills and estates are MSPO certified. Our mills have also achieved the MSPO Supply Chain Certification Standard ("SCCS").

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SUSTAINABILITY GOVERNANCE

Sustainability at Kulim is overseen by the highest governance level in the organisation, namely our Board of Directors. The Board is supported by an ESG Committee comprising representatives of various divisions to ensure that we adhere to our sustainability principles.

Description and Role	
Committee/Council	Board of Directors ("BOD") <ul style="list-style-type: none"> Oversees and monitors the development, implementation, maintenance, compliance and effectiveness of all matters relevant to the environment, social, safety and health, and sustainability certifications within the Group
	ESG Committee <ul style="list-style-type: none"> Comprises seven members from various departments, and is chaired by the General Manager, Estate Operations Support Meets on a quarterly basis Serves in an advisory capacity to the Managing Director
	Sustainability and Innovation Department ("SID") <ul style="list-style-type: none"> Led by the Chief Operating Officer, Operations Division Implements, reviews and formulates sustainability-related initiatives, including matters to do with environmental management and compliance, safety and health, compliance and certification matters

Quarterly Sustainability Reports are submitted to the ESG Committee for evaluation and review, while updates are regularly presented to the Managing Director and MCM on issues or proposals discussed at meetings that need the Management's or BOD's attention and consideration.

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STAKEHOLDER ENGAGEMENT

Concerted efforts are made to build good relations and rapport with our employees, smallholders, business partners, investors, suppliers, government agencies, NGOs, pressure groups, unions, members of the media and the community at large. We engage with each stakeholder group in order to understand their needs and expectations, which are taken into consideration when developing our sustainability strategies and programmes.

Stakeholder Group	How We Engage	Topics of Concern	Our Response
Employees	<ul style="list-style-type: none"> • Informal interaction on daily basis • Intranet, email updates, newsletters • Townhalls, <i>Sembang Santai, Turun Padang</i> • Performance reviews • CSR initiatives • Social events 	<ul style="list-style-type: none"> • Training and development • Employee performance • Employee satisfaction • Salary and benefits • Career progression 	<ul style="list-style-type: none"> • Annual training schedule is prepared • Enrolment into JCorp's JLP and AJLP, PUSPATRI, and other institutions for professional certifications • Annual performance appraisal • Employee surveys • Benchmarked our salaries against industry • Talent development programme developed for each employee
Workers	<ul style="list-style-type: none"> • Site visits by the Estate Operations Department • One-on-one meetings • Daily briefings by estate managers • Social impact assessments • Skills enhancement projects 	<ul style="list-style-type: none"> • Welfare and daily well-being • Safety and health • Respecting human rights 	<ul style="list-style-type: none"> • C.A.R.E. programme launched in 2018 • Each estate and mill has a dedicated OSH committee • Provision of fully-equipped housing, clinics and schools • Respect workers' right to belong to unions • Grievance channel for workers • Work closely with the National Union of Plantation Workers ("NUPW") concerning workers' rights
Non-Governmental Organisations	<ul style="list-style-type: none"> • Partnerships and joint projects • Multi-stakeholder forums 	<ul style="list-style-type: none"> • Socially and environmentally responsible operations 	<ul style="list-style-type: none"> • Collaborate with WCS and Johor Department of Wildlife to protect biodiversity • Collaborate with the Johor National Parks Corporation, Wildlife Department, Forestry Department and Police on anti-poaching • Identified 1,131.1 ha as HCV areas and 276.25 ha as conservation areas • Established WOW for women to voice their concerns
Investors, Bankers and Business Partners	<ul style="list-style-type: none"> • Roadshows and group meetings • Investor meetings/briefings • Shareholders engagement • R&D dialogue • Publications • Corporate website 	<ul style="list-style-type: none"> • Sustainability certification • Socially responsible landbank expansion • Corporate funding and company profile 	<ul style="list-style-type: none"> • All estates and mills are RSPO and MSPO certified • All estates and mills are ISCC certified except Bukit Layang Estate • Ongoing discussions on funding for landbank acquisition • Ongoing R&D on increasingly better oil palm clones • Participation in industry events organised by MPOB, etc • Participated in RSPO Annual Roundtable Meeting on Sustainable Palm Oil ("RT17") 2021

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Stakeholder Group	How We Engage	Topics of Concern	Our Response
Outgrowers and Suppliers	<ul style="list-style-type: none"> • Meetings • Training • Interviews and negotiations on contracts • Site visits • Supplier screening and assessment 	<ul style="list-style-type: none"> • RSPO/MSPO certification and compliance • Adherence to ESG considerations 	<ul style="list-style-type: none"> • Engage with FFB outgrowers on RSPO/MSPO certification • Engage with suppliers on RSPO/MSPO compliance • Conduct workshops on RSPO/MSPO
Customers	<ul style="list-style-type: none"> • Joint ventures and meetings • Site visits and surveys • Regular audits by RSPO • Regular review of sales reports, product range presentation to traders • Customer satisfaction surveys 	<ul style="list-style-type: none"> • Supply chain certification and compliance • Product quality and traceability 	<ul style="list-style-type: none"> • All estates and mills are RSPO and MSPO certified • All estates and mills are ISCC certified except Bukit Layang Estate • Kulim's CSPO can be purchased through three RSPO mechanisms – Book and Claim, IP and MB • Our CSPO from Tereh, Pasir Panjang and Palong Cocoa POMs carry IP status, or Segregated ("SG") under MSPO certification • CPO from Sedenak and Sindora carries MB status
Government and Regulators	<ul style="list-style-type: none"> • Industrial meetings • Participation and representation in government-organised events 	<ul style="list-style-type: none"> • Compliance with government regulations • Support of government efforts to promote palm oil internationally 	<ul style="list-style-type: none"> • Kulim is committed to complying with all statutory and regulatory requirements • Adherence to RSPO principles ensures our CPO is produced responsibly, contributing to Malaysia's status as a country that takes sustainability issues seriously
Communities	<ul style="list-style-type: none"> • Disaster relief efforts • Community outreach programmes 	<ul style="list-style-type: none"> • Community contributions 	<ul style="list-style-type: none"> • Cash contributions through Yayasan Johor Corporation • Contributions through Kulim Peduli initiatives • Flood relief initiatives for affected communities in Selangor and Johor • COVID-19 CR Initiatives • Football support • Donation to the Johor Cerebral Palsy Association

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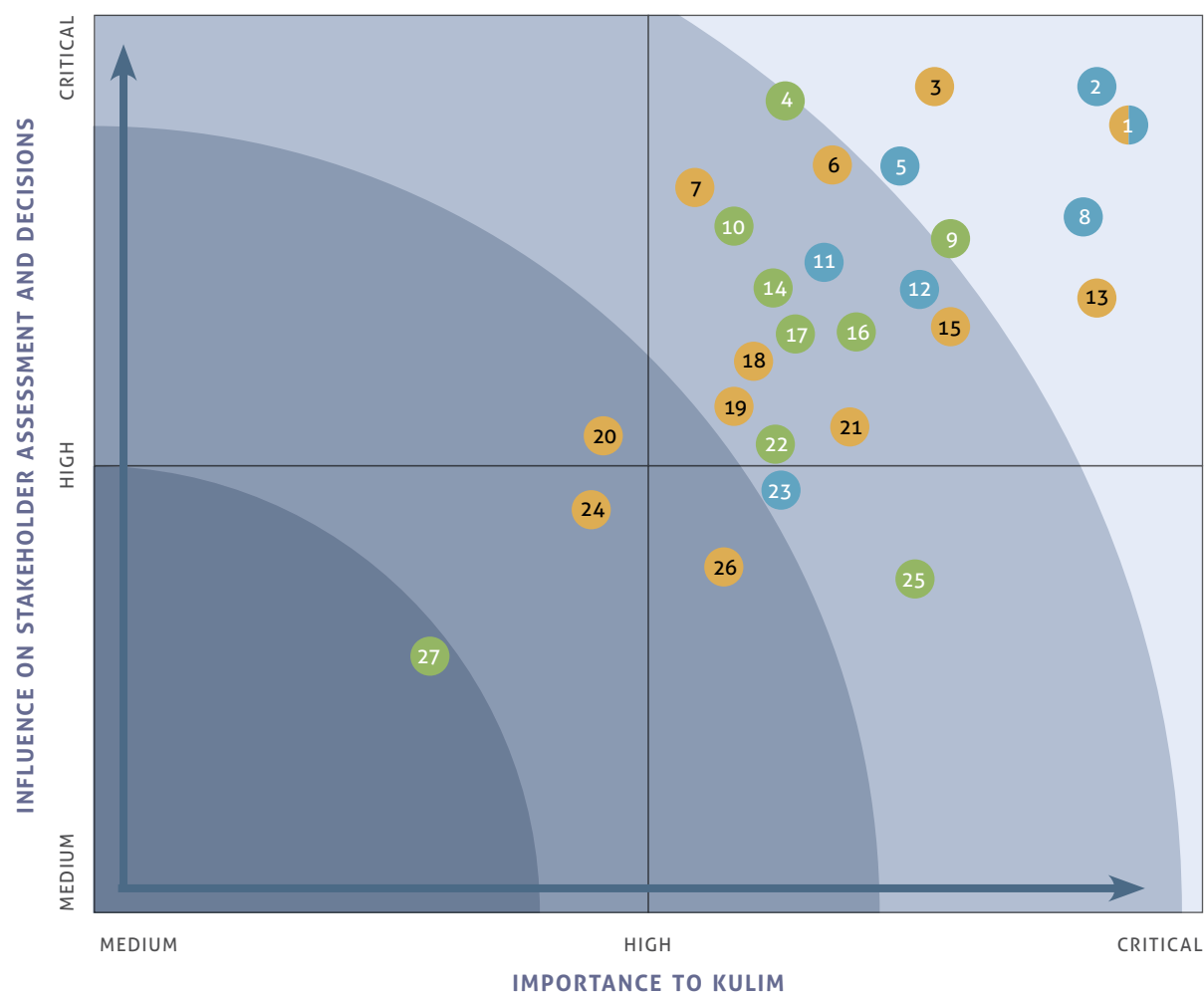
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OUR MATERIALITY MATRIX



● Environmental matters ● Social matters ● Governance matters

1. COVID-19	10. Fire and Haze	20. Market Presence
2. Compliance	11. Corporate Governance	21. Training and Education
3. Human Rights and Labour Practices	12. Anti-Corruption	22. Renewable Energy
4. HCV/HCS Protection and Management	13. Occupational Safety and Health	23. Customer Satisfaction
5. Transparency and Traceability	14. Water Management	24. Workers' Union
6. Supply Chain Management	15. Economic Performance	25. Agricultural Productivity
7. Smallholder Inclusion Programme	16. Responsible Chemical Use	26. Community Investment and Engagement
8. Product Quality	17. Waste and Pollution Management	27. Recycling
9. Carbon Emissions	18. Grievance Mechanism	
	19. Diversity and Equal Opportunity	

OUR MATERIAL MATTERS

We conducted our last materiality assessment in 2018, taking into account stakeholders' perspectives and balancing these against matters that Kulim believes are important for our continued success. Every year since, the Management has reviewed our material matters and made minor changes to ensure continued relevance. We have 27 material matters as depicted in the matrix and have been maintained in 2021.

	MATERIAL SUSTAINABILITY MATTERS	RELEVANT STAKEHOLDER(S)	CORRESPONDING SDGs
Environmental	<ul style="list-style-type: none"> HCV/HCS Protection and Management Carbon Emissions Water Management Responsible Chemical Use Waste and Pollution Management Renewable Energy Fire and Haze Recycling Agricultural Productivity 	<ul style="list-style-type: none"> Communities Smallholders Workers Employees Government and Regulators NGOs Media Buyers 	   
Social	<ul style="list-style-type: none"> Occupational Safety and Health Diversity and Equal Opportunity Training and Education Human Rights and Labour Practices Workers' Union Grievance Mechanism Smallholder Inclusion Programme Community Investment and Engagement Supply Chain Management Market Presence Economic Performance COVID-19 	<ul style="list-style-type: none"> Employees Workers Smallholders NGOs Communities Media 	       
Governance	<ul style="list-style-type: none"> Corporate Governance Anti-Corruption Compliance Product Quality Customer Satisfaction Transparency and Traceability 	<ul style="list-style-type: none"> Government and Regulators NGOs Suppliers Business Partners Smallholders Communities Customers Media Buyers 	      



Plantations necessarily leave a footprint on the environment from the loss of large tracts of indigenous forests; loss of critical habitat for endangered species; as well as soil, air and water pollution. To minimise these negative impacts, the Group undertakes the following measures:

1



All estates are required to monitor wildlife in their areas and provide regular updates on the species found, highlighting any incidents of wildlife encroachment, particularly that of elephants.

2



Buffer zones are established around major water bodies in or near the estates and adjacent to forest reserves. Rapid biodiversity monitoring is conducted regularly in identified hotspots within the vicinity of our operating units. Encroachment into these conservation areas by any intruders is closely monitored.

3



To minimise soil erosion, roads have been realigned and silt traps set up in appropriate locations. We have also planted soft grasses, mucuna and natural cover crops for young palms. In areas where erosion is severe, we encourage the planting of vetiver and guatemala grass.

4



We strictly prohibit hunting, fishing and the capture of any animal within our estates and adjacent protected areas.

The Group's Environmental and Biodiversity Unit serves as a point of reference for all environmental matters, especially biodiversity protection and pollution control. The unit collates and analyses environmental and wildlife data, publishing its findings and outcomes in environmental and biodiversity bulletins.

HCV/HCS PROTECTION AND MANAGEMENT

In line with the RSPO, we are committed to preserving and protecting HCV as well as HCS sites. The former are areas that are important due to their biological, ecological, social or cultural value, while the latter are essential forest sites that contain large stores of carbon (i.e. trees) and/or biodiversity.

We extend our commitment to protecting HCV through fruitful cooperation with the HCV Network, having subscribed to the HCVRN as a member-based organisation that strives to protect HCV areas.



Further details can be found on <https://hcvnetwork.org/who-we-are/>

Following assessments, we have identified 1,131.1 ha as HCV areas and 276.25 ha as conservation land in our estates. Most of these areas are in the vicinity of the Endau-Rompin National Park and Labis Forest Reserve in Johor. We work closely with the Government and NGOs to monitor and manage our environmental impact in these areas while undertaking positive interventions to protect the indigenous flora and fauna.



Enhancing Biodiversity

In addition to the HCV areas, we have been maintaining wildlife corridors linking natural habitats within our estates since 2011. These corridors allow for the unimpeded movement of animals which is important for their survival. Maintenance of these natural corridors is combined with an annual tree planting event, involving employees and members of the public.

Through Infaq 1 Warisan, we conserve places of natural beauty as well as places of zoological, botanical, geographical, archaeological or scientific interest, while helping to create greater public awareness of the importance of preserving our environment and biodiversity.

Meanwhile, through our conservation group, KWD, we collaborate with the Johor National Parks Corporation, Wildlife Department, Forestry Department and the Police on anti-poaching programmes.

Deforestation

We strive to ensure that our supply chain (direct and indirect suppliers) lives up to the Group's No Deforestation, No New Development on Peat and No Exploitation of People and Local Communities ("NDPE") Policy.

Monitoring of deforestation in our supply base commenced in 2022, through our subscription to Global Forest Watch satellite provider. The Global Forest Watch ("GFW") website is an open access website that represents a major step forward in our journey to create a deforestation free supply chain. It enables users to overlap the location of any estates by uploading the shapefile of the estates into the website. The overlapping of concession maps is also done to our own operating units beside the suppliers' area of operation. The GFW website links to satellite imagery data that provides more information about what is happening on the ground in relation to deforestation.

Despite the challenges posed by the COVID-19 pandemic, we continued to monitor deforestation activity on a monthly basis as this is part of our commitment to Supply Chain Monitoring. The monitoring covers our buffer zone boundary along forest reserve areas. We did not detect any evidence of deforestation within our boundaries during our routine monitoring for the year.

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Elephant Encroachment

A key biodiversity issue has been encroachment of elephants into our estates and neighbouring residential areas as a result of their natural habitat being disturbed by plantation activities.

In 2021, 36 incidents of elephant encroachment were reported across our estates and surrounding residential areas including: Sindora, Mutiara, Pasir Panjang, Tunjuk Laut, REM, Sg Tawing and Pasir Logok Estates, as well as Pasak and Bukit Payung Divisions. These incursions caused approximately RM744,700 in damage.

To protect our local communities as well as wildlife, we work closely with the WCS and the Johor Department of Wildlife while engaging with the state government and our smallholders. In 2021, we collaborated with WCS and MEME on research focused on Human-Elephant Conflict in oil palm plantations. Meanwhile, MEME held a workshop on elephant behaviour and ecology in plantations with the objective of creating awareness of how human-elephant conflict can be prevented, as well as ensure the safety of estate workers.

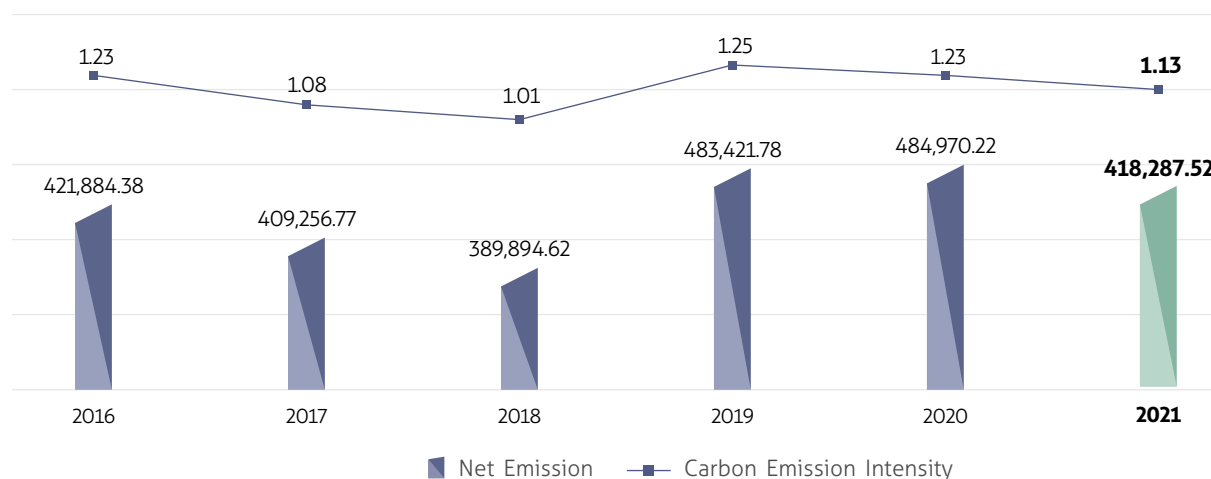
In addition, we established SOPs to guide our estate workers should they come into contact with elephants. We have also set up electric fencing and dug trenches around our plantations to prevent the entry of elephants.

CARBON EMISSIONS

In 2021, we recorded total emissions of approximately 418,000 tonnes of CO₂ equivalent (MT CO₂e), which translated into an emissions intensity of 1.13 MT CO₂e per MT of CPO and PK. Our total emissions was 13.75% less than the 485,000 MT CO₂e in 2020, while our emissions density was 8% lower than the 1.23 MT CO₂e per MT CPO and PK. This was mainly due to the commissioning of new biogas facilities in Palong POM in May 2020, and Tereh POM in September 2021.

Our carbon emissions was 35.88% less than our 2012 baseline, approaching our target of 50% reduction by 2025, which translates into 0.88 MT CO₂e per MT CPO and PK. It should be noted that our 2021 emissions figure has yet to be audited, but will be validated at the next RSPO assessment.

To achieve our reduction target, we have lined up both short-term and long-term initiatives through the integration of waste and pollution management, renewable energy and carbon farming with our agricultural practices.



Note:

Our emission intensity data up to year 2019 have been externally verified. Refer to Kulim's Sustainability Report 2020-2021 ("SR 2020-2021") for the verified figures.

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RENEWABLE ENERGY

We have been generating Renewable Energy ("RE") using waste from our mills since 2016, when our first biogas plant was commissioned in Pasir Panjang POM. Biogas is derived from POME and Palm Kernel Shells ("PKS"). Through the generation of RE, we are able to significantly reduce our carbon footprint through lower electricity offtake from the national grid, as well as lower methane emissions from our bio-waste. Biogas plants have been set up at all our POMs, and the facility at Sedenak is being upgraded into a biomethane plant.

Currently, the biogas generated is used for power generation (please refer to the table below for more information). Once the Sedenak biogas plant is commissioned, biogas generated here will be converted into biomethane and subsequently sold to Gas Malaysia Berhad. Gas Malaysia, in turn, will feed the methane into the national gas grid. Meanwhile, the biogas plants at Sindora and Tereh POMs will be upgraded for bio-CNG commercialisation by year 2023, as we strive to achieve 70% RE utilisation in our operating units.

POM Biogas Plant	Biogas Utilisation	Status
Pasir Panjang	Power generation and boiler usage	Biogas plant became operational in July 2017 whilst biogas engines were operational since October 2019.
Palong Cocoa	Boiler usage	Operational since May 2020.
Tereh	Power generation	Operational since September 2021. Plant to be expanded for bio-CNG commercialisation in 2023.
Sedenak	Biomethane	Under construction, and targeted for commissioning by third quarter 2022.
Sindora	Power generation	Under maintenance, and targeted for commissioning by May 2022. Plant to be expanded for bio-CNG commercialisation in 2023.

In 2021, we produced 88,918.45 MT of PKS, most of which was used internally for power generation, with 22.02% sold to third parties as a source of RE. Three out of five mills, or 60% of the total of our mills are equipped with biogas plants that capture methane.

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WATER MANAGEMENT

Water scarcity is a growing global concern, with water table levels decreasing in many countries that face prolonged periods of drought. Although Malaysia receives abundant rainfall, sustainability of supply is still an issue because of contamination as well as excessive water use.

As a plantation, we use significant amounts of water in our estate and mill operations. In addition, our workers consume water for drinking, cooking and personal hygiene. Soil erosion and the use of chemicals as fertilisers and weed killers, meanwhile, could contaminate waterways in or near our estates.

Recognising the importance of conserving water and ensuring healthy water quality in the country's waterways, we strive to manage water responsibly.

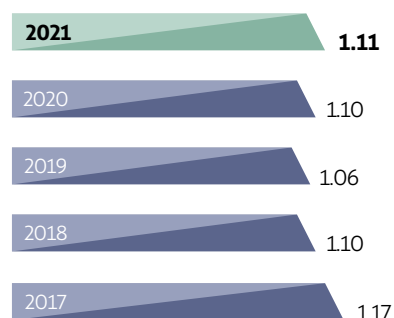
Responsible Consumption

In order to reduce our consumption, we recycle water from steriliser condensates in our mills. Initiatives undertaken by Kulim include ensuring the BOD of our effluents stays below permissible limits. We have also installed water catchment areas to harvest rainwater.

Despite our efforts, in 2021, our consumption intensity increased by a marginal 1.8%, yet still remained well below our target of 1.2 m³ per tonne of FFB.

Mill Water Consumption

(m³ per tonne of FFB)



Note:

Our mill water consumption data up to year 2019 have been externally verified. Refer to Kulim's SR 2020-2021 for the verified figures.

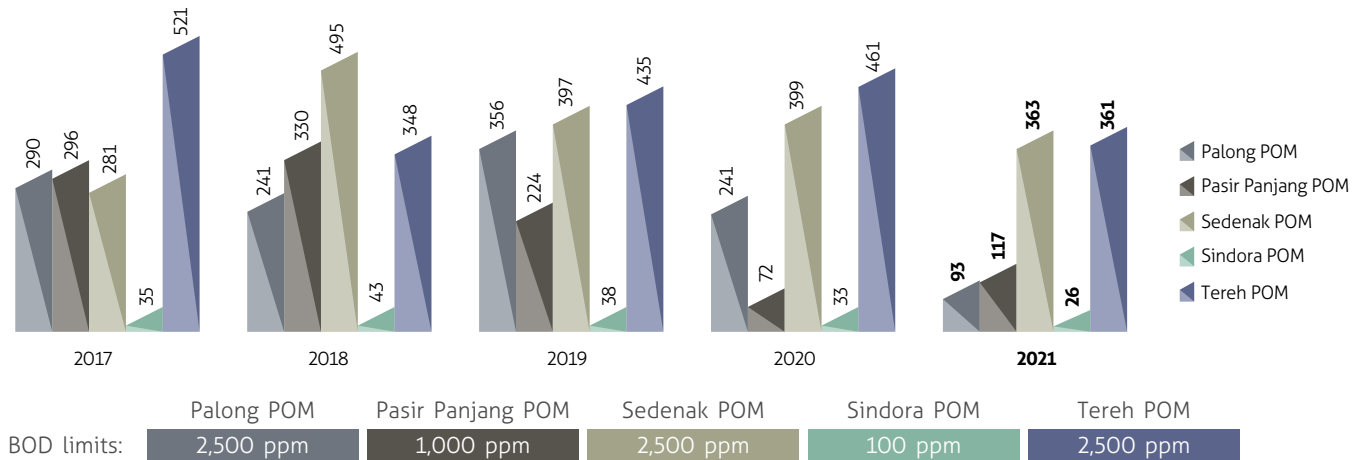
Managing Water Quality

Soil erosion is a common cause of water pollution. To prevent erosion in our estates, we plant fast-growing leguminous cover crops in erosion-prone areas. Meanwhile, to reduce water pollution from heavy metals, wherever feasible the Group combines inorganic with organic fertilisers derived from EFB, a waste product from the milling process.

To ensure we do not pollute water in the vicinity of our operations, we monitor the Biochemical Oxygen Demand ("BOD") of surrounding water bodies. BOD measures the amount of dissolved oxygen needed by aerobic biological organisms to oxidise organic matter (the higher the level, the higher the level of organic contaminants). The BOD of water bodies surrounding our operations has dropped significantly since we started installing polishing plants at our mills, in compliance with Department of Environment ("DOE")'s requirements.

Polishing Plant in POM	Status
Sindora	Operational since 2018
Pasir Panjang	Operational since 2019
Palong Cocoa	Operational since 2020
Sedenak	Commissioned in 2021
Tereh	Commissioned in 2021

BOD Levels by Mill and Group Average 2017-2021 (ppm)



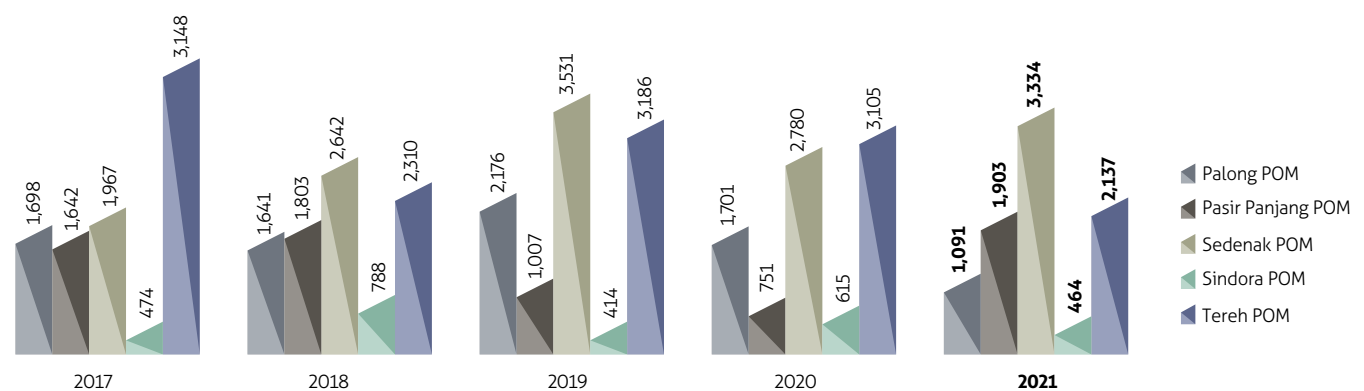
Note:

The limit for Sindora POM is much lower than the other mills due to its close proximity to a water catchment area.

Over the last five years, we have been successful in maintaining our BOD below DOE's requirements, while fully complying with the Environment Quality Act 1974. The BOD limit is determined by the DOE. To ensure compliance, we keep track of any changes in the limit set by the department.

Although there is no statutory limit on the Chemical Oxygen Demand ("COD") of effluents, we have been monitoring the COD value of waste water from our mills through a Palm Oil Mill Dashboard for the last three years.

COD Levels by Mill and Group Average 2017-2021 (ppm)



Note:

Our COD and BOD commitment on water quality have been externally verified. Refer to Kulim SR 2020-2021 for the verified figures.

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RESPONSIBLE CHEMICAL USE

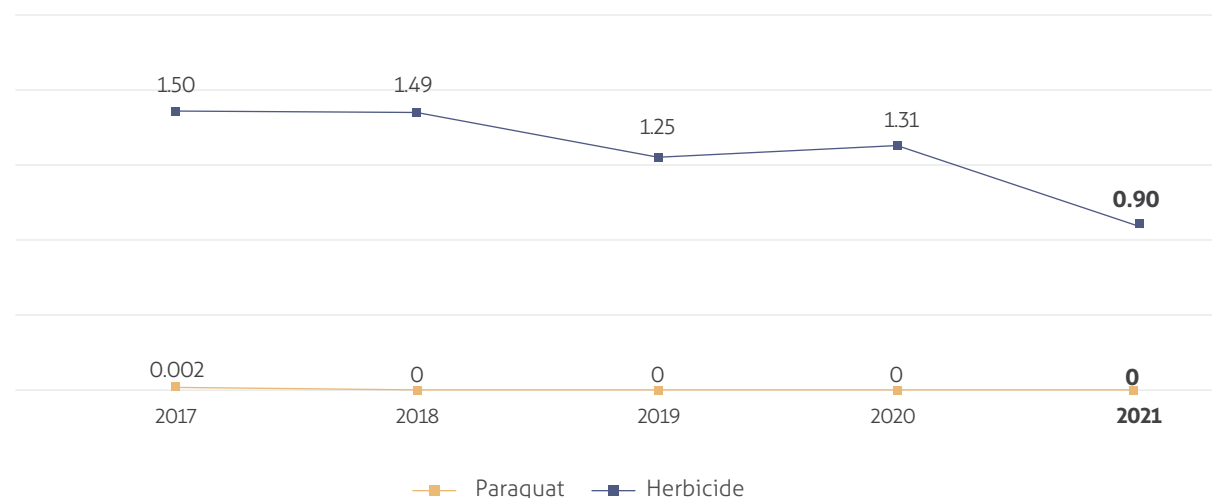
Waterways are also contaminated by the application of chemicals such as pesticides, herbicides and fertilisers (which, further, contribute significantly to the carbon footprint of plantations). To reduce chemical usage, hence our chemical pollution as well as carbon emissions, we have adopted an Integrated Pest Management ("IPM") approach leveraging animals to control pests such as weeds and rodents.

As part of our biological pest control, we use barn owls to control the rodent population and certain plants that act as natural pest eradicators. Chemicals are applied only as a last resort, when eco-friendly alternatives are unavailable. Livestock have been introduced into our plantations since 2008 as a natural weeding method while also improving soil fertility, recycling nutrients and reducing chemical usage.

Currently, our livestock cover 55,801.96 ha of plantation land, contributing to a reduction in chemicals usage by 0.41 litres/ha. Our average active ingredient use in 2021 was 0.90 litres/ha, compared to 1.31 litres/ha in 2020. The use of glyphosate in first-year plantation areas has also reduced by 3.80 litres/ha, from 8.15 litre/ha in 2020 to 4.35 litres/ha.

In 2021, Kulim collaborated with the Sustainable Agriculture Network ("SAN") on a study to further advance our IPM and biodiversity conservation practices. The study focused on application of the Pesticide and Alternatives app, which integrates IPM practices into good agricultural practices, while carrying out a census on pests, beneficial insects and their host plants.

Use of Herbicide and Paraquat (Active ingredients in litre/hectare)



Note:

Our herbicide and paraquat data up to year 2019 have been externally verified. Refer to Kulim's SR 2020-2021 for the verified figures.

Production management is based on the optimal use of low-risk inputs and the adoption of practices that are friendly to biodiversity and the environment. The following are some of its benefits:

- Soil health is preserved
- Pests, including low-risk pesticides, and diseases are controlled
- Existing natural ecosystems are protected
- Terrestrial and aquatic ecosystems are conserved
- Wildlife and beneficial organisms are identified and protected
- Areas not suitable for production are identified and actions are defined for their restoration
- Artificial infrastructure for biodiversity is established
- Invasive alien species are identified and eliminated, or their propagation controlled
- Waste is managed with minimal environmental impact and re-used

The estate demonstrated good agriculture practices by a competent in-house agronomist attending to soil management and conservation. In addition, the management team has implemented integrated pest Management, environmental protection and waste management programmes. Chemicals were used in parallel with natural approaches besides established biological controls. Natural ecosystems and biodiversity were maintained effectively throughout the estate according to RSPO guidelines.

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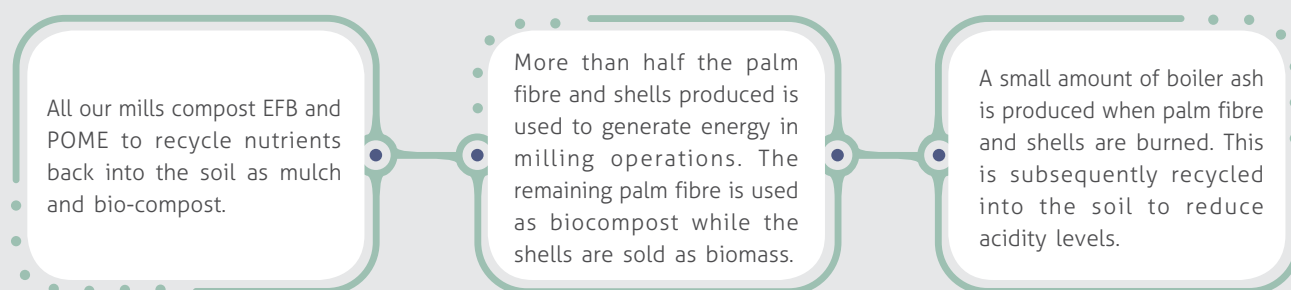
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As certain pesticides are harmful to humans, we take care to protect estate workers whenever chemicals are used by providing them with aprons, masks, gloves and goggles. Meanwhile, paraquat has been totally phased out from our estates.

We also adhere to strict controls and measures to prevent spillage that may harm the environment. All chemicals are stored in proper and clearly marked sheds bordered with bund walls. Hazardous chemicals are clearly marked and stored in appropriate containers. Additionally, our chemicals are labelled with Safety Data Sheets ("SDS") in Malay and English, which outline appropriate storage and handling methods as well as emergency measures in the event of spillage.

WASTE AND POLLUTION MANAGEMENT

Most of the solid waste we produce is bio-based, and disposed of using environmentally-friendly methods.



Our mills and estates also generate scheduled waste, which is stored in designated sheds for up to 180 days or until the maximum volume of 20 MT is met. Subsequently, licensed contractors approved by the DOE will dispose of the waste in accordance with Environmental Quality (Scheduled Wastes) regulations.

To further reduce emissions at our mills we have invested in Electrostatic Precipitators ("ESPs") to ensure compliance with the Environmental Quality Act ("EQA"). ESPs have been installed in Sedenak, Palong, Tereh and Sindora POMs while Pasir Panjang POM is submitting a budget for it.

AGRICULTURAL PRODUCTIVITY

We are committed to maintaining a high level of productivity in a manner that is environmentally responsible. Towards this end, we have adopted the carbon farming approach, in which carbon capture is optimised through its storage in plant material or soil. Through carbon farming, we engage in non-tillage replanting, integrated crop-livestock systems, silt pit and riparian restoration, healthy roots system management, and subsoil fertiliser application. We have also started using slow-release fertilisers which may be integrated into Kulim's future fertiliser strategy.

FIRE AND HAZE

Since the early 1990s, we have adopted a zero-burning replanting technique. Open burning on our estates and mill grounds is strictly prohibited under the 1974 Environmental Quality Act and RSPO regulations. Instead, palms that are no longer viable are subjected to mechanical felling, and felled trees are chipped and shredded

to facilitate rapid natural decomposition. Our zero-burning practice is part of Kulim's commitment to minimise global warming through reduced GHG emissions. We brief our employees on fire safety as part of their training programmes.

We log and report hotspots and fires at our own estates as well as those surrounding our estates. We also subscribe to GeoRSPO – a publicly available platform of RSPO members' concession areas, which are monitored by satellite technology. There were three fires recorded around our estates in 2020 and 2021, that occurred in the vicinity of our Sedenak and Kuala Kabong Estate, and Siang Estate. However upon investigation and verification, we found that no fire had broken out within our concession areas. To date, due to strict zero-burning practices, none of Kulim's estates has been affected by fire. Meanwhile, to manage the risk of fire in our operating units, we use the Asian Fire Alert app to monitor weather changes that might cause scorching heat and the possibility of fire erupting in the fields.



As part of a global community, we recognise that we should bring about positive changes to the lives of the families of our employees and our local community. In that connection, Kulim has always been especially invested in the “people” aspect of sustainability – people who work with us (our internal communities) as well as people affected by the work we do (our external communities). We agree unconditionally with the global vision of building healthy and vibrant communities and seek actively to create positive value for all communities we influence through ethical and equitable policies.

OUR PEOPLE: OUR GREATEST ASSET

We say it often and with good reason. It is only with the determination and dedication of our people that we can serve our stakeholders. Kulim would not be able to execute any of our strategies without our people. We, therefore, seek to attract the best talents and provide them with a conducive, rewarding environment to help them realise their potential. A large number of our estate and mill workers are foreign, but we treat them as part of the Kulim family, acknowledging and respecting their needs as visitors on our soil.

TRAINING AND EDUCATION

At Kulim, a training schedule for employees is prepared annually to ensure regular and relevant training is carried out throughout the year. By enhancing our employees’ competencies, we also better position the Group to achieve our corporate goals.

Up-Skilling Programmes

Each year, we develop the potential of stand-out employees through the JLP and AJLP. Participants undergoing these programmes are presented with different business scenarios and work in teams to find solutions/strategies to produce the best outcomes. In 2021, 14 employees graduated from the JLP while six graduated from the AJLP.

We also collaborate with the PUSPATRI, ILP Pasir Gudang as well as IKM Johor Bahru to conduct technical courses for our employees. In addition, we encourage employees to pursue professional qualifications such as the ACCA, CIMA, MIA, Taxation, Certified Environmental Professional in Scheduled Waste Management (“CePSWaM”), ISO Sirim Certified Lead Auditors and human resources certifications CAHRM and CHRO, among others.

Job Rotation

Job rotation and generic training are provided to bridge the skills gaps of staff at all levels. Through exposure to different roles, employees both deepen and broaden their knowledge and capabilities, thereby adding value to the organisation. Apart from learning new skills, job rotation facilitates a better understanding of the organisation as a whole and the functions of the different operating units and departments.

Talent Management and Succession Planning

We review our Talent Development Programme regularly to ensure its relevance, especially in supporting our Business Plan and unlocking employees' potential for career development. Based on a clear understanding of the skills, behaviours, and mindsets required, we identify capability gaps and improvement opportunities for every level of employees. Then, instead of offering "one size fits all" training, we design talent development programmes based on a detailed analysis of the needs of individual talents.

Our ultimate goal is to have the right person with the right skills for the right job at the right time, as well as to ensure leadership readiness for key positions as and when the need arises.



Performance Management System

Strengthening the Group's organisational capabilities, our Performance Management System ("PMS") promotes a culture of achievement through incentives and rewards. Targets for individuals, teams and the Group as a whole are reviewed and the bar is raised every year to continuously push for excellence.

Cadet Planter Programme

The Strategic Enhanced Executive Development System ("SEEDS"), which was launched in 2007, has been re-engineered as the Cadet Planter Programme to develop leadership skills among fresh graduates. In 2021, six participants graduated from the programme, four of whom were offered permanent positions as Assistant Managers at different OUs.

Employee Engagement

We recognise that employees feel a greater sense of belonging to a company when there is healthy communication and engagement across all levels. We have therefore instituted various platforms on which Management can meet and share their views with the rest of our staff, such as Townhalls, *Sembang Santai* with the Managing Director and *Turun Padang* sessions. We also communicate regularly with employees via email, our intranet and a quarterly newsletter. We value our employees' views and encourage open communication at all times.

We run the business under "Crisis" and Transformation mode, therefore all employees are required to be comfortable and adept with change management. To engage everyone, the focus is on effective communication and changing mindsets. Leaders at all levels in the organisation are involved in managing change. While Senior Management set the tone, those in middle management, leaders on the frontlines, and team leaders also play critical roles. By implementing smaller-scale change programmes, frontliner teams not only improve how they do their work but also add value to the organisation as a whole. This is our approach to engage everyone in our journey to transform Kulim.

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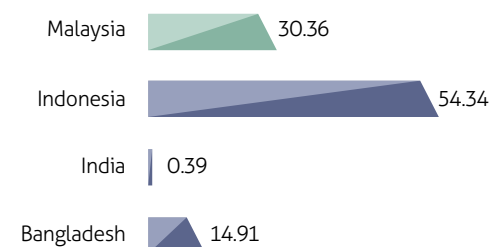
DIVERSITY AND EQUAL OPPORTUNITY

As at end 2021, we had a total of 6,364 full-time employees in our Malaysian Plantation Operations. Of this total, 5,116 (or 80.39%) were classified as workers while the remaining 19.61% comprised Management and non-executives. About 69.64% of our workers were foreigners, mainly from Indonesia, India and Bangladesh.

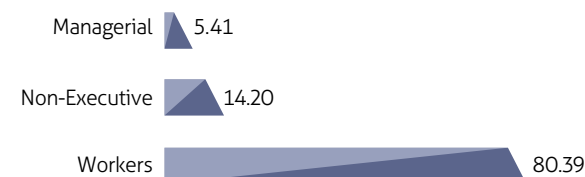
We strive to inculcate an inclusive work environment and enforce a policy against free discrimination on race, ethnic origin, caste, national origin, disability, religion, gender, sexual orientation, gender identity, union membership, political affiliation or age. We also subscribe to the basic right of “equal pay for equal work” for all employees, including field, office and Management, based on pre-defined grades.

In 2021, we recorded a turnover rate of below 7.85%, a testament to the culture of respect and inclusivity that we have engendered, which contributes to strong retention power.

Workers by Country of Origin (%)



Staff Strength



Gender Equality

We fully appreciate the benefits of having equal representation of the two genders and have a policy against free discrimination on women throughout our operations, including our estates. However, the nature of plantation operations naturally attracts more men, and has led to a much higher male representation throughout the Group. There are only 789 women in our Company, making up 12.40% of our workforce. As per Malaysia’s Minimum Wage Order, the basic salary for men and women is the same.

Currently, two among our nine Senior Managers are women, representing 22.22% of the total; however, there is still a lot of scope to increase the number of woman at lower levels within the corporate office. This is something Kulim is working towards. We are committed to support the inclusion of women and promote gender equality across our palm oil operations. Kulim provides childcare facilities for the children of working mothers. At our headquarters, mothers have access to breastfeeding rooms and milk storage units. Women in senior management also act as mentors, providing career development guidance and engaging in company activities.

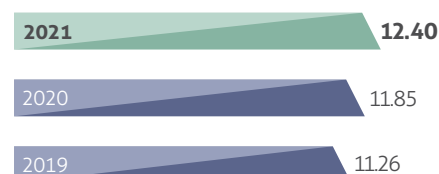
Average Basic Salary Ratio

	2020	2021
Male : Female	0.98 : 1.02	0.94 : 1.06

Note:

The calculation is based on the Total Average Basic Salary. The higher ratio of average basic salary is based on the total workers of both male and female.

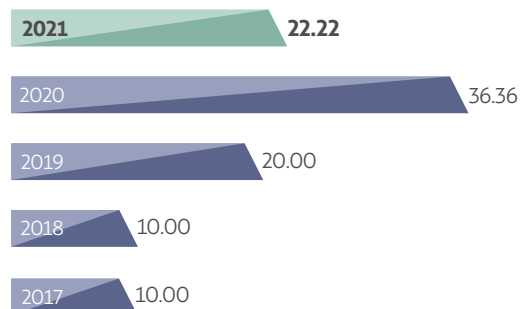
Total Women in Workforce (%)



Note:

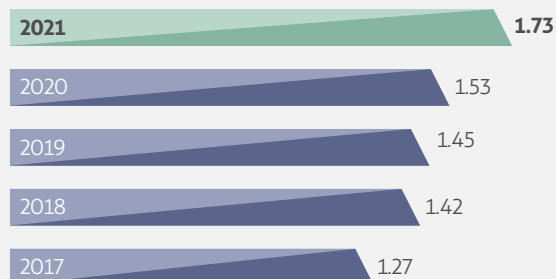
Data up to year 2019 have been externally verified. Refer to Kulim’s SR 2020-2021 for the verified figures.

Women in Senior Management (%)

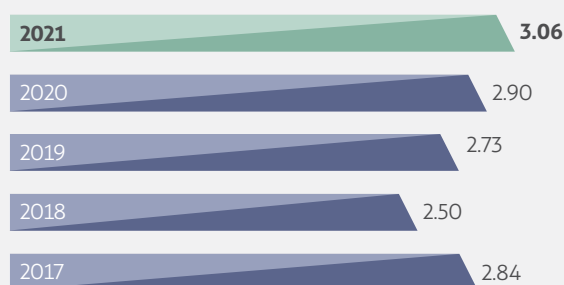


Total Women In Workforce

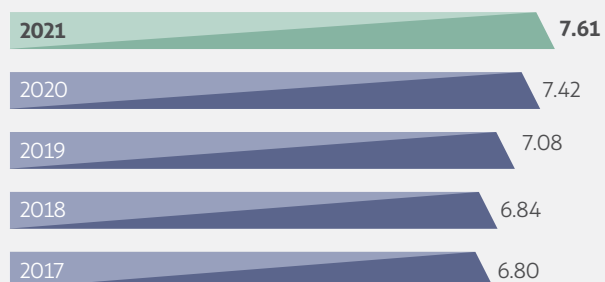
Women in Management (%)



Women Non-Executives (%)



Women Worker (%)



Women Onwards

Fully funded by the Company, WOW was established as part of a larger women's employee outreach programme. In addition to providing a platform for women to air their grievances, WOW supports and promotes gender equality, as well as advances the knowledge and skills of our female employees.

Under a WOW programme known as *Jejari Bestari*, which has been established in every estate, women employees are assisted to develop products or services that match their skills such as tailoring, baking or craft-making. These products/services are sold to staff and the public during festive occasions and company events. Unfortunately, in 2021, such events were postponed or cancelled due to the COVID-19 pandemic.



WOW events in 2021 included:

- An annual meeting of representatives or executives of each complex's WOW units to present their 2020 progress reports and to propose programmes for 2021
- *Tilawah & Tadarus Al-Quran* during Ramadan, followed by the Khatam Al-Quran Ceremony
- WOW members participation in *Webinar Khas WANITA "Suri Hati Hebat, Pencetus Semangat"* organised by Agensi Kaunseling & Pengurusan Kredit ("AKPK") Kuala Terengganu
- Cookie sales during Hari Raya and supply of cookies for Kulim's Raya hampers with total sales of RM11,000

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Sexual Harassment

We have strict policies against any form of sexual harassment, which are shared with employees through the *Buku Panduan Anggota Pekerja Perladangan* and our Company Policy Poster. These programmes also focus on creating greater awareness among our women employees of their rights. As a result, they have become more open to reporting cases of sexual harassment. In 2021, no case was reported.

Maternity Leave

All our female employees are entitled to 60 days of paid maternity leave in accordance with Malaysia Employment Act 1955 Part IX Maternity Protection. In 2021, all 30 employees who took maternity leave subsequently returned to work, and are still with us. We are proud of this 100% retention rate as employment patterns suggest that women with newborn babies are likely to leave their jobs after a year. As a matter of policy, we ensure that pregnant or nursing employees are not exposed to harmful chemicals at work.

C.A.R.E.

C.A.R.E., launched in April 2018, reflects Kulim's corporate values namely Competitive, Action, Responsible and Ethical. C.A.R.E. programmes are conducted by Employee Relations Executives (i.e. executive Imams) to encourage employees to apply these values in their day-to-day activities.



Activities in 2021 included:

- Brainstorming session with trainers to develop the C.A.R.E. 2.0 module
- Appointment of a consultant to transition C.A.R.E to C.A.R.E 2.0
- Train the Trainer programme for 28 internal trainers
- Training on C.A.R.E 2.0 module for the internal trainers

OCCUPATIONAL SAFETY AND HEALTH

The safety and health of our employees has always been top priority, and has been a key focal area at Kulim ever since the pandemic.

We are guided in safety and health matters by our OSH policy which applies not only to Kulim employees but also to visitors, customers and contractors on our premises. Each estate and mill has a dedicated OSH committee and an OSH officer responsible for organising safety training programmes and conducting quarterly OSH meetings. The officer also investigates any accidents that occur and reports back to the chairperson.

As a result of continuous efforts to enhance our safety performance, our Lost Time Accident Rate ("LTAR") has been improving over the years. Unfortunately, there was an increase in the severity rate to 2.87, which was still lower than our target rate of 3.5. Continuous improvement programmes are now in place to enhance our safety standards with the aim of reducing the incidence of accidents.

Key Safety Indicators, 2019-2021

	Target	2019	2020	2021
LTAR	<10	1.53	1.48	1.03
Severity rate	<3.5	2.82	1.46	2.87
Fatality	0	1	3	0

On a positive note, we were very pleased to record zero fatalities during the year, and seek to maintain this record via intense focus on keeping our workers safe.

HUMAN RIGHTS AND LABOUR PRACTICES

We believe in treating all our employees fairly, guided by Human Resources policies which reflect Malaysia's labour laws as well as the International Labour Organization ("ILO")'s Declaration on Fundamental Principles and Rights at Work. We also adhere to the Code of Conduct for Industrial Harmony developed by the Ministry of Human Resources and Malaysian Council of Employers' Organisations (predecessor of the Malaysian Employers Federation and the Malaysian Trades Union Congress).

Living Conditions

Our estate and mill workers typically live in two or three-bedroom houses that meet the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990. Weekly inspections are carried out to ensure all living quarters, as well as nurseries and community halls, are in good condition.

Managing Overtime

During peak harvest season, our mill workers tend to work longer hours to ensure the fruit are processed before their quality deteriorates. However, we ensure that they do not exceed the overtime limit as set by the Department of Labour.

Child and Bonded Labour

In line with local labour laws and Principle 6.4 in RSPO P&C 2018, Kulim published our Employment of Children and Young Person Policy in 2008 stating clearly that we will not knowingly engage in or support child labour as defined by Malaysian law; and will provide adequate support to enable children of our employees to attend and remain in school until past their childhood. Children and young workers, further, will not be exposed to any hazardous, unsafe or unhealthy conditions in our estates and mills. A formal policy on the protection of children is also included in our service contracts and supplier agreements.

Bound by these commitments, Kulim will not employ anyone below the age of 16. Instead, we provide access to schools and other amenities to ensure the well-being and proper development of our workers' children and families.

In addition, we do not engage in bonded labour.

WORKERS' UNIONS

We respect the right of our employees to join labour unions on a voluntary basis, as part of our commitment to freedom of association. A total of 2,166 (42.33%) of our workers are represented by the MAPA/All Malayan Estates Staff Union ("AMESU") and MAPA/NUPW. We maintain good relations with the union leaders and work collaboratively to sign CBAs which set out our policies on work-related issues such as working conditions, wages and benefits, among others.

GRIEVANCE MECHANISM

Under our Grievance Policy, we provide our employees, suppliers and other stakeholders a platform to air any work-related grievances they may have. Through the policy, we also provide guidelines on fair and transparent response to grievances. As a member of the MAPA, moreover, Kulim adheres to grievance procedures as stipulated under our collective agreements.

In addition to a shared grievance channel, women employees have recourse to report gender-related issues via the WOW programme.

SUPPLY CHAIN MANAGEMENT

Supply Chain Management and Traceability entail the development of multi-stakeholder partnerships that mobilise and share knowledge, technology and resources to create shared value and embed sustainable practices throughout the supply chain.

Over the years, the frequency of cross-sector partnerships to achieve sustainability goals has increased exponentially. Ranging from alliances and collaborations between businesses, government agencies, and NGOs, to support and engage with smallholders, traders and consumers, these partnerships are formed to achieve an overall purpose related to the sustainability of an organisation. Partnerships lead to improved transparency and accountability, creating good working relationships that can benefit both organisations with regards to economic, environmental and social performance.

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We are committed to ensuring that the certified sustainable palm oil and palm kernel oil used in the production of finished goods come from sustainable sources. Kulim recognises that we should not limit sustainability to only our operations. In our quest to be a leading palm oil producer and help transform the industry, we have integrated sustainable practices throughout our supply chain. It follows our commitment to ensure that our palm oil continues to meet internationally recognised standards such as RSPO and MSPO.

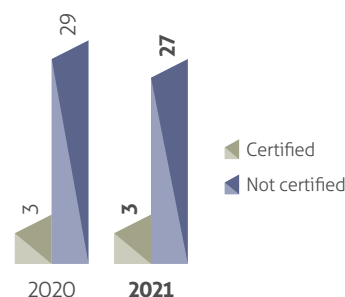
SMALLHOLDER INCLUSION PROGRAMME

We are committed to engaging with smallholders to help them gain RSPO certification through our Smallholder Inclusion Programme. Our SID team conducts annual RSPO awareness programmes for all smallholders and engages with them on the practices they need to adopt to obtain RSPO compliance. The participants benefit from economic incentives such as premium pricing and improvements to farm yields – resulting from the palm oil supply chain management outlined in the RSPO requirements. They also gain a better understanding of how to adopt good agricultural practices and efficient palm growing techniques for better yield.

In year 2021, three out of our 30 local outgrowers or 10% indicated willingness to participate in activities towards RSPO certification. This encouraged us to allocate significant resources to help all 30 outgrowers to obtain the RSPO certification.

To date, we have supported two of our smallholders to achieve RSPO certification – FGVPM Paloh Estate and Wawasan Estate. Since they were certified in 2014, our SID team monitors and helps them maintain compliance through annual audits. In 2019, one of our trader suppliers, Eng Lee Heng (“ELH”) Trading, was successfully certified against the MSPO standards and went on to achieve RSPO certification in May 2020 through the Wild Asia Group Scheme (“WAGS”). In 2021, the total output from these three outgrowers contributed to 7.16% of our RSPO-certified FFB.

Number of RSPO Certified and Non RSPO Certified Outgrowers



Kulim supports independent smallholders and traders on their certification journeys by introducing them to certification bodies and programmes to assist with the progress. We also provide technical support wherever possible. Since 2013, we have provided economic incentives to smallholders and traders that sell RSPO-certified FFB. Through our Smallholder Inclusion Programme, we pay a premium of RM2 per tonne of certified FFB purchased to encourage the adoption of sustainability certification. Since our Tereh POM, FGVPM Paloh Estate and Wawasan Estate became certified in 2014, we have made payments to our two certified scheme smallholders that supply them. In 2021, we increased this premium to RM6 per tonne of certified FFB to encourage more smallholders to apply for RSPO certification.

Traceability to Mill

A majority of our supplying mills are located within the Sedenak and Sindora POMs. Our FFB comes from direct and indirect sources. All our source FFB supply comes from smallholder farmers or FFB traders who collect from smallholders. In 2021, 27.38% of the FFB processed at our Sedenak, Sindora and Tereh POMs were externally sourced, while 72.93% came from internal group estates.

Number of FFB suppliers to Kulim mills

Mills	Own Estate		External Estate	
	2021	2020	2021	2020
Sindora POM	3	3	5	8
Sedenak POM	4	4	23	22
Tereh POM	6	8	2	2
Palong POM	5	6	0	0
Pasir Panjang POM	5	6	0	0

Note:

Data of smallholders/outgrowers have been externally verified. Refer to Kulim SR 2020-2021 for the verified figures.

OUR COMMUNITY: OUR SOCIAL LICENCE TO OPERATE

COMMUNITY INVESTMENT AND ENGAGEMENT

By virtue of being responsible and ethical, we believe in contributing to the well-being of the communities in which we operate. Our outreach programmes focus on five key areas: community well-being, sports, welfare, education and infrastructure development.

As a result of years of community programmes, there is a strong spirit of volunteerism in Kulim. This is particularly evident in the willingness of everyone, including Management, to allocate time and effort in order to make a difference in the lives of those less fortunate or marginalised.

Institution/Programme	Purpose	Approximate Contribution (RM'000)
Kelab Bola Sepak Johor Darul Takzim ("JDT")	To support the development of football in Malaysia	1,500
Yayasan Johor Corporation	To improve the living conditions of underprivileged communities	1,100
Kulim "X" MyFundAction	Collaboration with MyFundAction (NGO) for post-flood relief in Selangor and Johor	88
Tabung Bantuan Banjir JCorp	Post-flood relief contribution for JCorp group employees	100
Johor Cerebral Palsy Association	Donation to the Johor Cerebral Palsy Association	100
School Uniform Project	To subsidise the school uniforms of employees' children	62
COVID-19 CR Initiatives	Contributions to hospitals, government initiated COVID-19 Fund, frontliners, hemodialysis patients undergoing Home Surveillance Order for COVID-19, NGOs and communities	219



Governance



All of our initiatives to create stakeholder value are underpinned by a robust governance framework, which ensures that we uphold the highest level of integrity and transparency while seeking excellence in everything we do.

CORPORATE GOVERNANCE

Our BOD leads corporate governance at Kulim through policies guided by principles and practices advocated by the MCCG 2021. These policies are not static but are constantly reviewed and updated according to changes in the corporate and business environment.

Following the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), we strengthened our internal controls to prevent corruption at all levels and instil a culture of integrity in everything we do.

We have also obtained the cooperation and commitment of our business associates to have zero tolerance for bribery and corruption by highlighting our anti-bribery-related policies and ABMS requirements. In addition to requiring our clients and vendors to sign an Integrity Pledge, we have also incorporated an explicit Anti-Bribery and Termination Clause in our contracts and service agreements.

More broadly, we have established a COBE which applies to everyone who represents Kulim. The COBE sets out guidelines on interactions with colleagues, customers, suppliers, competitors, shareholders and members of the wider community. It also outlines Kulim's expectations with regard to employees' behaviours and actions that impact our natural environment.

All new recruits are required to make an Anti-Bribery and Corruption pledge, declare their assets as well as any potential conflict of interest with Kulim. To ensure a culture of integrity across the board, we have a Whistleblowing Policy that encourages staff to report any criminal or improper conduct.

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ANTI-CORRUPTION

We demonstrate our commitment to upholding integrity and creating a business environment that is free from corruption by establishing policies that clearly state our zero tolerance for corruption.

Our anti-bribery related policies, namely, Anti-Bribery and Corruption, Conflicts of Interest, Due Diligence, Gift and Entertainment, Referral Letter and Whistle-Blowing are periodically reviewed to ensure their effectiveness and to promote a better culture of transparency. During the financial year under review, the Anti-Bribery and Corruption, Conflicts of Interest and Due Diligence policies were revised and approved by the Board for implementation. Declarations on anti-bribery were also obtained using the Client and Vendor Integrity Pledge. An explicit Anti-Bribery and Termination Clause was incorporated in the contract and service agreement to promote our anti-bribery and corruption agenda.

An important milestone was obtaining the MS ISO 37001:2016 ABMS certification on 4 June 2021. The accreditation covers our oil palm plantations (estates and mills), pineapple operations, cattle operations and corporate services in Malaysia.

PRODUCT QUALITY

Kulim has always ensured the highest quality of our palm products as this determines their marketability. We are guided by our Quality Policy, which articulates our expectations of all the Group's estates and mills in line with the high standards imposed/expected by regulators, stakeholders and our customers.

Quality Policy

Estates	Mills
<ul style="list-style-type: none">• Produce ripe FFB to achieve maximum extraction rate• Prioritise mechanised harvesting methods to reduce dependence on labour• Continuously train workers to achieve maximum working potential• Promote healthy and safe working conditions	<ul style="list-style-type: none">• Implement continuous improvement programme• Communicate policies to all employees• Regularly evaluate and assess the effectiveness of the Quality Policy• Fulfil customer requirements• Recycle mill by-products to reduce environmental pollution

COMPLIANCE

Compliance with the RSPO is voluntary. However, we have made the commitment to comply with the programme's seven Principles and Criteria (P&C) because we recognise their value in ensuring responsible and ethical operations. As part of our responsibility to employees, we also adhere to the following regulations:

- Employment Act 1955
- Minimum Wages Order 2020
- Children and Young Persons (Employment) Act 1966
- Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990
- Occupational Safety and Health Act 1994
- Industrial Relations Act 1967
- Factories and Machinery Act 1967
- Environmental Quality Act 1974

SUSTAINABILITY STATEMENT

– GOVERNANCE

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To maintain a consistently high level of quality, we commit to the following:



Standards and Certifications

Due to various pandemic-induced challenges, Kulim decided to discontinue our ISO 14001:2015 Environmental Management System ("EMS") and ISO 9001:2015 Quality Management System ("QMS") with SIRIM QAS International Sdn Bhd with effect from 2 April 2021. Nevertheless, we have continued to comply with the ISO/IEC 17025:2017 Laboratory Management System standards and MS 1500:2009 Malaysian Standard on Halal Food to ensure the highest quality of our palm products. These standards will continue to influence our policies, strategies and objectives, as well as the allocation of resources.

Certifications achieved at our different operating units

Unit	MS 1500:2009 (HALAL)	ISO/IEC 17025:2017
Palong Cocoa POM	✓	
Tereh POM	✓	
Sindora POM	✓	
Sedenak POM	✓	
Pasir Panjang POM	✓	
Ulu Tiram Central Laboratory ("UTCL")		✓

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Quality Environment 5S Certification

Since January 2015, Kulim has adopted the 5S quality environment concept developed by the Japanese, which stands for Seiri (Sort), Seiton (Set In Order), Seiso (Shine), Seiketsu (Standardise) and Shitsuke (Sustain). The 5S principles are based on the premise that cleanliness and tidiness contribute towards a safe and conducive work environment. By maintaining these principles, we have noted a higher level of staff motivation and enhanced Group profitability.

On 24 December 2021, our seventh Surveillance Audit was conducted by Malaysia Productivity Corporation ("MPC") based on new criteria and requirements which place greater focus on the concept of Plan-Do-Check-Action and Impact. Kulim received a 3-star (the top) rating following the audit.

Product Grading Method

Quality control starts at the earliest stages. At the R&D stage, we focus on developing high-yielding palm species. At the harvesting phase, we use an FFB grading method to obtain optimal results when processing CPO. Grading criteria for FFB ripeness are shared with all our estates, mills and corporate offices via email and regular briefings. These criteria include instructions on determining FFB ripeness by assessing the colour, size, stalk length and the characteristic ratios of harvested FFB.

CUSTOMER SATISFACTION

Kulim actively encourages continuous feedback from customers to keep improving the quality of our products and services. We conduct an annual customer satisfaction survey which allows us to engage with our customers in an organised and constructive manner, identify product quality issues, and take prompt action where necessary.

Responses in the surveys are analysed and our findings presented to Senior Management to ensure the Group's leadership are aware of any customer-facing challenges or issues.

TRANSPARENCY AND TRACEABILITY

We are committed to implementing a fully traceable and transparent supply chain whereby our products can be traced back to their source. By 2025, our target is for 100% of the FFB we receive to be RSPO certified. We initially planned to achieve this target by 2019. However, we revised our objective because suppliers have shifted their focus to achieving MSPO certification in line with the new national mandate. However, we also recognise that a large part of our footprint lies beyond our operations. Every year we outline KPIs to raise awareness about sustainable palm oil and the benefits of becoming certified.

The Group subscribes to the RSPO traceability system, RSPO PalmTrace. Kulim's CSPO can be purchased through three mechanisms approved by the RSPO – Book and Claim, IP and MB. Book and Claim is the simplest, allowing buyers to obtain the product without incurring high administrative costs and relying on complex logistics. It allows certified RSPO members to register their physical sales and processing activities of palm oil, palm kernels and fractions sold in the market. Presently, CPO from Tereh, Pasir Panjang and Palong Cocoa POMs carry IP status, meaning that CPO from these mills can be traced to their source which, in turn, have been certified. CPO from the other two mills is sold under the MB mechanism where CSPO is mixed with conventionally produced CPO and tracked throughout the supply chain.

Achieving full palm oil traceability requires us to track our entire palm oil production process at each step, from planting to trading when we distribute CSPO to consumers and product manufacturers. However, challenges remain in reaching full supplier plantation traceability. We aim to achieve 100% traceability to suppliers' plantations by 2023. All of our own FFB processed at our mills is fully traceable to our plantations. For supplying mills to be traceable, they are required to provide accurate information on the GPS coordinates of the mill's location, the name of the company and mill, and specific address. We have just begun our traceability exercise with our suppliers by requesting them to fill out the forms we distributed. By 2021, we plan to make it compulsory for all smallholders and traders to provide their traceability information as part of our FFB purchase agreements.

EVENT HIGHLIGHTS 2021

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Visit by the delegation of East Coast Economic Region ("ECER") Development Council to Kulim



06 January 2021



Kulim Green Farm Village



07-28 February 2021



Working visit by the Chairman of Johor State Women, Family and Community Development Committee, YB Puan Zaiton Ismail to KPF



15 February 2021



Visit by a delegation from the Horticulture Research Centre MARDI to KPF



24 February 2021



Consulate General of the Republic of Indonesia dialogue session with Kulim's Indonesian workers of Tereh Complex



26 February 2021



RTK-Antigen Swab Test Screening Programme for Kulim's Foreign Workers



11-28 February 2021



Kulim Go Green Campaign



08-22 March 2021



Visit by the Senior Management of JCorp to Kulim's Integrated Smart Farming Project



09 March 2021



KSRT Activity: Footgolf



20 March 2021



Kulim Townhall 1.0



29 March 2021



Kulim BOD Retreat



07-08 April 2021



Corporate Exhibition



Company Visit



Corporate Event



Sustainability Event



Contribution to Johor Cerebral Palsy Association



25 March 2021



Kulim Weekly Bakul Handouts at OUs



03 August-30 September 2021



Kulim Townhall 2.0



15 November 2021



Majlis Berbuka Puasa at all Kulim Complexes



26-28 April 2021



#kulim88 Pledge Campaign



06-29 August 2021



Kulim Inter-Department Sports Carnival



04-18 December 2021



Kulim 10,000 Steps A Day Challenge Campaign



08-30 June 2021



Kulim 1st Virtual Forum with Managing Director, Faris Adli Shukery



01 September 2021



COVID-19 Relief Programme



20-23 December 2021



Visit from All Cosmos Industries Sdn Bhd to Kulim



24 September 2021



Kulim Agrofarm 1st Crop Harvesting Ceremony



27 December 2021

IN THE NEWS

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1 SEPTEMBER 2021

Kulim Bhd targets 2024 for Bursa re-listing
By Fatin Adila - September 1, 2021 @ 2:25pm

JCorp eyes kulim relisting by 2024
By Fatin Adila - September 2, 2021 @ 5:47pm

KUALA LUMPUR: Johor Corp Bhd (JCorp) is revising plans to relist its plantation arm Kulim (Malaysia) Bhd. A Kulim relisting will surely boost Malaysia's stock exchange given the company's size but any investor excitement should be capped as it is not expected to happen so soon.

Kulim managing director Mohd Fariq Adli Shukery said the 88-year-old company, which was delisted five years ago, had been targeted for a relisting by 2024.

Much of the relisting plans is in line or less tied to Kulim's five-year transformation plan, which was unveiled today in conjunction with its 88th anniversary, to become a leading agribusiness player.

Managing director Mohd Fariq Adli Shukery said this when unveiling its five-year transformation plan to become a leading agribusiness player, in conjunction with its 88th anniversary.

KUALA LUMPUR: Kulim (Malaysia) Bhd, a subsidiary of Johor Corporation Bhd (JCorp), aims to re-list on the exchange by 2024 after being delisted in 2016.

KULIM SASAR JADI PESERTA PERNIAGAAN TANI TERKEMUKA

UtusanTV

Kulim sasar lima tahun jadi peneraju perniagaan agro
Ura: Afiq Mohd. Shah - September 1, 2021

KULIM

KULIM (Malaysia) Berhad merayakan ulang tahun ke-88 dengan melancarkan pelan transformasi selama lima tahun dalam usaha menjadi peneraju perniagaan agro.

Pengarah Urusan Kulim, Mohd. Fariq Adli Shukery berkata, rancangan itu termasuk memperkukuhkan perniagaan beras dan mewujudkan pertumbuhan baharu.

Selain itu, kata beliau, Kulim turut berhasrat meningkatkan kecemerlangan operasi di seluruh Kumpulanmy di samping membuat persediaan bagi tawaran awam permulaan (IPO) menjelang tahun 2024.

2 SEPTEMBER 2021



22 SEPTEMBER 2021



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	Tenure	Hectares	Description	Net Book Value @ 31.12.2021 RM'000	Year of Acquisition/ Revaluation
KULIM (MALAYSIA) BERHAD					
Labis Bahru Estate K.B. 517 85009 Segamat, Johor	Freehold	2,108	Oil palm estate	156,244	2016
Mutiara Estate P.O. Box 24 86700 Kahang, Johor	Leasehold expiring: 20.06.2085 26.09.2085 04.11.2074 05.05.2074 25.11.2082 13.10.2102	1,608 324 607 608 604 29	Oil palm estate	230,990	2016
Basir Ismail Estate K.B. 502 81909 Kota Tinggi, Johor	Freehold	3,197	Oil palm estate	392,377	2016
R.E.M Estate K.B. 501 81909 Kota Tinggi, Johor	Freehold Leasehold expiring: 12.03.2911	1,746 945	Oil palm estate	395,080	2016
Kuala Kabong Estate K.B. 125 81020 Kulai, Johor	Leasehold expiring: 16.08.2081	1,718	Oil palm estate	1,038	2019
Total		13,494		1,175,729	

KULIM PLANTATIONS (MALAYSIA) SDN BHD					
Tereh Selatan Estate K.B. 537 86009 Kluang, Johor	Freehold Leasehold expiring: 27.08.2078	1,929 869	Oil palm estate	156,835	2016
Tereh Utara Estate K.B. 536 86009 Kluang, Johor	Freehold Leasehold expiring: 27.08.2078 27.06.2079	831 1,559 607	Oil palm estate	166,899	2016
Total		5,795		323,734	

	Tenure	Hectares	Description	Net Book Value @ 31.12.2021 RM'000	Year of Acquisition/ Revaluation
MAHAMURNI PLANTATIONS SDN BHD					
Rengam Estate K.B. 104 86300 Rengam, Johor	Freehold	2,418	Oil palm estate	181,000	2016
Sedenak Estate K.B. 124 81000 Kulai, Johor	Freehold	2,807	Oil palm estate	267,086	2016
Siang Estate K.B. 515 81909 Kota Tinggi, Johor	Leasehold expiring: 23.01.2087	3,433	Oil palm estate	196,576	2016
Sg. Papan Estate P.O. Box 15 Bandar Penawar 81909 Kota Tinggi, Johor	Leasehold expiring: 22.09.2090	2,996	Oil palm estate	142,647	2016
Palong Estate K.B. 530 85009 Segamat, Johor	Leasehold expiring: 11.09.2112	3,702	Oil palm estate	159,795	2016
Mungka Estate K.B. 524 85009 Segamat, Johor	Leasehold expiring: 11.09.2112	1,928	Oil palm estate	88,367	2016
Pasir Panjang Estate K.B. 527 81909 Kota Tinggi, Johor	Leasehold expiring: 16.09.2112 09.01.2087	1,610 2,307	Oil palm estate	90,236 1,200	2016 2020*
Tunjuk Laut Estate K.B. 517 81909 Kota Tinggi, Johor	Leasehold expiring: 09.06.2092	2,868	Oil palm estate	2,761	2020*
Pasir Logok Estate K.B. 504 81909 Kota Tinggi, Johor	Leasehold expiring: 31.03.2070	1,781	Oil palm estate	2,489	2020*
Bukit Kelompok Estate K.B. 512 81909 Kota Tinggi, Johor	Leasehold expiring: 31.03.2070	2,257	Oil palm estate	3,160	2020*
Total		28,107		1,135,317	

* Year of the tenancy

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	Tenure	Hectares	Description	Net Book Value @ 31.12.2021 RM'000	Year of Acquisition/ Revaluation
UNITED MALAYAN AGRICULTURAL CORPORATION BERHAD					
UMAC Estate P.O. Box 31 26900 Bandar Tun Razak Pahang	Leasehold expiring: 17.03.2070 29.08.2071 11.12.2071 28.11.2072 25.02.2074	239 237 324 346 474	Oil palm estate	91,111	2016
Total		1,620		91,111	

ULU TIRAM MANUFACTURING COMPANY (MALAYSIA) SDN BHD					
Bukit Layang Estate K.B. 502 81909 Kota Tinggi, Johor	Freehold	398	Oil palm estate	54,659	2016
Total		398		54,659	

SELAI SDN BHD					
Selai Estate K.B. 529 86009 Kluang, Johor	Freehold	3,535	Oil palm estate	192,057	2016
Total		3,535		192,057	

KUMPULAN BERTAM PLANTATIONS BERHAD					
Sepang Loi Estate P.O. Box C-21 85007 Segamat, Johor	Freehold	970	Oil palm estate	64,366	2016
Total		970		64,366	

SINDORA BERHAD					
Sindora Estate K.B. 539 86009 Kluang, Johor	Leasehold expiring: 24.01.2086	3,919	Oil palm estate	231,211	2016
Sg. Tawing Estate K.B. 531 86009 Kluang, Johor	Leasehold expiring: 27.06.2079	2,226	Oil palm estate	100,258	2016
		6,145		331,469	
TOTAL – PLANTATIONS		60,064		3,368,442	

	Tenure	Hectares	Description	Net Book Value @ 31.12.2021 RM'000	Year of Acquisition/ Revaluation
KULIM (MALAYSIA) BERHAD					
Taman R.E.M.	Leasehold expiring: 12.03.2911	37	Residential area	4,980	2015
Kulim Training Centre	Leasehold expirin: 15.04.2093	4	Building	1,005	1994
Mukim of Plentong, Johor (Sg. Kim Kim)			Vacant land	17,458	1997
Lot 1581	Freehold	5			
Lot 2222	Freehold	8			
Lot 2223	Freehold	66			
Lot 2226	Freehold	4			
Lot 2227	Freehold	5			
Mukim Sungai Tiram (NEXSOL) PTD 5069 HSD 564663	Leasehold expiring: 16.01.2068	8	Vacant land	7,811	2017
Mukim of Plentong, Johor (EPASA) PTD 155633 HSD 303856	Leasehold expiring: 18.05.2060	6	Container depot	24,000	2021
Mukim Bandar (Jalan Kenyalang) PTB 17770 HSD 187429	Leasehold expiring: 26.10.2090	1	Building	24,600	2021
12 units of Selesa Tioman Condotel	Leasehold expiring: 02.05.2107	0.07	Building	2,170	2021
Total		144.07		82,024	

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SINDORA BERHAD					
Sindora Timber Complex Lot 1384 Industrial Area Phase 1 Bandar Tenggara 81000 Kulai, Johor	Leasehold (60 years) Expiring: 24.11.2059 (Building age: 22 years)	3	Industrial land and building	1,000	2021
	Leasehold (60 years) Expiring: 30.01.2041 (Building age: 39 years)	13	Industrial land and building for office and factory	10,200	2021
No. 1, Jalan Temenggong 10 Bandar Tenggara 81000 Kulai, Johor	Leasehold (99 years) Expiring: 18.04.2085 (Building age: 35 years)	0.2	Residential land	435	2021
Sg. Simpang Kiri Mukim of Chaah Bahru HSD 55820 PTD 9990 HSD 55684 PTD 9995	Leasehold expiring: Expiring: 01.11.2105 Expiring: 21.09.2105	127 67	Vacant land	1,164	2017
Total		210.20		12,799	

	Tenure	Area (sq. ft)	Description	Net Book Value @ 31.12.2021 RM'000	Year of Acquisition/ Revaluation
E.A. TECHNIQUE (M) BERHAD					
Setiawangsa Business Suites Unit C-3A-3A No. 2, Jalan Setiawangsa 11 Taman Setiawangsa 54200 Kuala Lumpur	Freehold (Building age: 14 years)	1,640	Office building	880	2007
No. C-15-1, No. 2 Jalan 13/21D Medan Idaman, Gombak Kuala Lumpur	Freehold (Building age: 17 years)	845	Apartment for seafarers in transit	132	2004
Total				2,485	

	Tenure	Area	Description	Net Book Value @ 31.12.2021 RM'000	Year of Acquisition/ Revaluation
DANAMIN (M) SDN BHD					
PTB 811, Jalan Industri A6 Kawasan Perindustrian Bandar Penawar 81970 Bandar Penawar Johor	Leasehold (60 years)	2.9 hectares	Industrial land and building for plant	659	2013
11 & 13 Jalan Serangkai 1 Taman Bukit Dahlia, 81700 Pasir Gudang, Johor	Leasehold (89 years)	348 m ²	Shop office	706	2013
Expansion Plant in Bandar Penawar PTB 811, Jalan Industri A6 Kawasan Perindustrian Bandar Penawar 81970 Bandar Penawar Johor	Leasehold (60 years)	914 m ²	Industrial land and building for plant	1,587	2015
Expansion Plant in Bandar Penawar PTB 811, Jalan Industri A6 Kawasan Perindustrian Bandar Penawar 81970 Bandar Penawar Johor	Leasehold (60 years)	2,808 m ²	Industrial land and building for plant	789	2017
Expansion Plant in Bandar Penawar PTB 811, Jalan Industri A6 Kawasan Perindustrian Bandar Penawar 81970 Bandar Penawar Johor	Leasehold (60 years)	1,404 m ²	Industrial land and building for plant	1,739	2019
Expansion Plant in Bandar Penawar PTB 811, Jalan Industri A6 Kawasan Perindustrian Bandar Penawar 81970 Bandar Penawar Johor	Leasehold (60 years)	4,558 m ²	Industrial land and building for plant	11,044	2020
DQ-IN SDN BHD					
Lot PT 11254 Taman Perindustrian Paka 23100 Paka Dungun Terengganu	Leasehold (85 years)	143 m ²	Shop office	272	2014
Total				16,796	

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EXTREME EDGE SDN BHD					
No. 37, 37-01 & 37-02 Jalan Perjiranan 15/1 Bandar Dato' Onn 81100 Johor Bahru, Johor	Freehold	1,540 sq. ft.	3-storey shop office	1,800	2021
PTD 191741, No. 64 Jalan Bandar Cemerlang 3/1 Bandar Cemerlang 81800 Ulu Tiram Johor	Freehold	5,483 sq. ft.	3-storey shop office	982	2019
Total				2,782	
TOTAL – OTHER PROPERTIES				115,413	

CORPORATE DIRECTORY

SOUTHERN REGION

TUNJUK LAUT ESTATE

K.B. 517, 81909 Kota Tinggi, Johor
Tel : 019 – 790 8110
Fax : 019 – 727 0462

PASIR LOGOK ESTATE

K.B. 504, 81909 Kota Tinggi, Johor
Tel : 019 – 714 0502/07 – 889 7473
Fax : 019 – 731 4072

PASIR PANJANG ESTATE

K.B. 527, 81909 Kota Tinggi, Johor
Tel : 019 – 751 2692/019 – 791 9337

BUKIT KELOMPOK ESTATE

K.B. 512, 81909 Kota Tinggi, Johor
Tel : 019 – 757 2962/019 – 700 7555
Fax : 019 – 727 0471

SIANG ESTATE

K.B. 515, 81909 Kota Tinggi, Johor
Tel : 019 – 771 2962/019 – 832 8197/
019 – 832 8198
Fax : 019 – 775 0441

SG. PAPAN ESTATE

Peti Surat 15, Bandar Penawar, 81909
Kota Tinggi, Johor
Tel : 019 – 758 2962/019 – 790 9337
Fax : 019 – 775 0447

REM ESTATE

K.B. 501, 81909 Kota Tinggi, Johor
Tel : 07 – 883 1030/
Pasak Div : 07 – 893 2269
Fax : 07 – 883 9376

PASIR PANJANG PALM OIL MILL

K.B. 527, 81909 Kota Tinggi, Johor
Tel/Fax : 019 – 750 2962

CENTRAL REGION

TEREH UTARA ESTATE

K.B. 536, 86009 Kluang, Johor
Tel : 019 – 776 6054
Fax : 07 – 810 6657

TEREH SELATAN ESTATE

K.B. 537, 86009 Kluang, Johor
Tel : 019 – 755 2962

SELAI ESTATE

K.B. 529, 86009 Kluang, Johor
Tel : 019 – 791 8337

SINDORA ESTATE

K.B. 539, 86009 Kluang, Johor
Tel : 07 – 786 3707
Fax : 07 – 786 3773

SUNGAI TAWING ESTATE

K.B. 531, 86009 Kluang, Johor
Tel : 019 – 727 1555

MUTIARA ESTATE

P.O. Box 24, 86700 Kahang, Johor
Tel : 019 – 736 9750
Fax : 07 – 780 62285

RENGAM ESTATE

K.B. 104, 86300 Rengam, Johor
Tel : 019 – 770 3454
Fax : 07 – 753 5629

SINDORA PALM OIL MILL

K.B. 501, 86009 Kluang, Johor
Tel : 019 – 773 3913

TEREH PALM OIL MILL

K.B. 538, 86009 Kluang, Johor
Tel : 019 – 773 2366
Fax : 07 – 781 6691

NORTHERN REGION

MUNGKA ESTATE

K.B. 524, 85009 Segamat, Johor
Tel : 019 – 770 6315

UMAC ESTATE

P.O. Box 31
26900 Bandar Tun Razak, Pahang
Tel : 019 – 770 7293

PALONG ESTATE

K.B. 530, 85009 Segamat, Johor
Tel : 019 – 770 4815

LABIS BAHRU ESTATE

K.B. 517, 85009 Segamat, Johor
Tel : 07 – 943 2802

SEPANG LOI ESTATE

Peti Surat C-21, 85007 Segamat, Johor
Tel : 019 – 770 2851

BASIR ISMAIL ESTATE

K.B. 502, 81909 Kota Tinggi, Johor
Tel : 019 – 775 0055
Fax : 07 – 865 1108

BUKIT LAYANG ESTATE

K.B. 502, 81909 Kota Tinggi, Johor
Tel : 019 – 775 0055
Fax : 07 – 865 1108

SEDENAK ESTATE

K.B. 124, 81000 Kulai, Johor
Tel : 019 – 779 9064
Fax : 07 – 652 6341

KUALA KABONG ESTATE

K.B. 125, 81020 Kulai, Johor
Tel : 019 – 770 7983
Fax : 07 – 684 0897

SEDENAK PALM OIL MILL

K.B. 721, 80990 Johor Bahru, Johor
Tel : 019 – 720 0996
Fax : 07 – 652 6030

PALONG COCOA PALM OIL MILL

K.B. 504, 85009 Segamat, Johor
Tel : 019 – 770 4014

CORPORATE DIRECTORY

KULIM
(MALAYSIA)
BERHAD

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Information

INDONESIAN OPERATIONS

PT WISESA INSPRASI NUSANTARA (PT. WIN)

Jl. Permata Hijau 4,Gg
Jamrut Rt.18 Kel. Lanjas Kecamatan
Teweh Tengah
Muara Teweh 73812, Kab. Barito Utara
Kalimantan Tengah
Tel/Fax : +6205192020764

PT RAMBANG AGRO JAYA (PT. RAJ) PT TEMPIRAI PALM RESOURCES (PT. TPR)

Sumatera Selatan, Indonesia

R&D AND AGRICULTURAL SERVICES

R&D AND AGRONOMY ADVISORY

c/o Kulim Agrotech Centre
P.O. Box 141, 81900 Kota Tinggi, Johor
Tel : 07 – 883 0931/07 – 882 1145/
07 – 882 2209
Fax : 07 – 882 2209

PLANT BREEDING & TISSUE CULTURE

c/o Kulim Agrotech Centre
P.O. Box 141, 81900 Kota Tinggi, Johor
Tel : 07 – 883 0931/07 – 882 1145/
07 – 228 1258
Fax : 07 – 882 2209

KULIM TOPPLANT SDN BHD

c/o REM Estate
Lot 2135, Jalan Johor Bahru – Kota
Tinggi,
Batu 23, 81900 Kota Tinggi, Johor
Tel : 07 – 882 1753
Fax : 07 – 880 1613

AGRO FARM

KULIM PINEAPPLE FARM – PINEAPPLE PROJECT

K.B. 710, 80990 Johor Bahru, Johor
Tel : 07 – 863 0575
Fax : 07 – 861 9355

COMMERCIAL DIVISION

JTP TRADING SDN BHD – DISTRIBUTION CENTRE

No. 135, Jalan LP 7/2, Lestari Perdana
Bandar Putra Permai
43300 Seri Kembangan, Selangor
Tel/Fax : 03 – 808 20119

EDARAN BADANG SDN BHD

No. 1 & 3, Jalan Kemajuan 2
Kawasan Perindustrian Kota Tinggi
81900 Kota Tinggi, Johor
Tel : 07 – 883 4707/07 – 883 5707
Fax : 07 – 882 2707/07 – 882 8257

EDARAN BADANG SDN BHD – KUANTAN BRANCH

No. A19, Lorong Sg Soi Jaya 10
Taman Perumahan Sg Soi Jaya
25150 Kuantan, Pahang
Tel : 09 – 954 0311
Fax : 09 – 534 2893

KULIM NURSERY SDN BHD

1st Floor, Wisma KNSB, No. 416
Jalan Kenanga 29/10 Indahpura
81000 Kulai, Johor
Te. : 07 – 662 6031/663 3087
Fax : 07 – 662 6035

KULIM SAFETY TRAINING AND SERVICES SDN BHD

Lot 2135, KM 37
Jalan Kota Tinggi – Johor Bahru
81900 Kota Tinggi, Johor
Tel : 07 – 863 4037
Fax : 07 – 863 3427

SUBSIDIARIES

E.A. TECHNIQUE (M) BERHAD

Unit C-3A-3A Setiawangsa Business
Suites, No. 2 Jalan Setiawangsa 11
Taman Setiawangsa
54200 Kuala Lumpur
Tel : 03 – 4252 5422/
03 – 4256 0858/
03 – 4251 5632
Fax : 03 – 4266 0487

MIT INSURANCE BROKERS SDN BHD

Suite 1101, 11th Floor
Menara Yayasan Selangor
No. 18A Persiaran Barat
46000 Petaling Jaya, Selangor
Tel : 03 – 7967 1000
Fax : 03 – 7967 1100

DANAMIN (M) SDN BHD

No. 11-A & B, Jalan Serangkai 1
Taman Bukit Dahlia
81700 Pasir Gudang, Johor
Tel : 07 – 254 1977
Fax : 07 – 254 1979

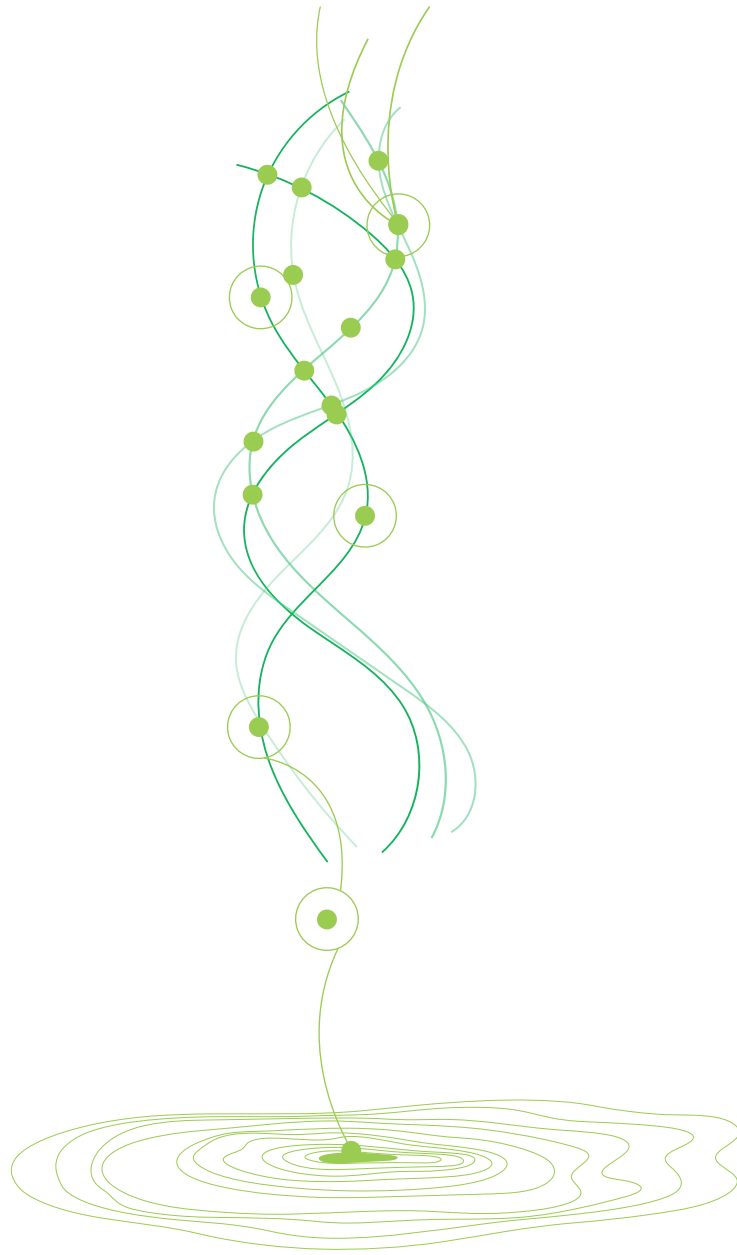
OIL & GAS

PT RIZKI BUKIT BARISAN E&P (PT.RBB)

Mampang Prapatan, Jakarta Selatan

PT CITRA SARANA ENERGI (PT. CSE)

Gedung Radiant, Jalan Kapten Tendean
Nomor 24



KULIM (MALAYSIA) BERHAD
197501001832 (23370-V)

LEVEL 11, MENARA KOMTAR
JOHOR BAHRU CITY CENTRE
80000 JOHOR BAHRU
JOHOR DARUL TAKZIM, MALAYSIA

ULU TIRAM ESTATE
81800 ULU TIRAM, JOHOR DARUL TAKZIM, MALAYSIA
TEL : +607 861 1611 FAX : +607 861 1701

<http://www.kulim.com.my>