Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Golden Agri-Resources Ltd

Stock code: E5H

Meeting details:
Date: 29 April 2022
Time: 2.00 p.m.

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

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Q1. FY2021 was noteworthy for the group as revenue for the full year crossed US$10 billion fueled by strong CPO prices. Coupled with robust margins from the downstream business, the group's EBITDA increased by 81% to US$1.21 billion. Underlying profit more than doubled to US$603 million while net profit also increased to US$476 million.

The operations review can be found on pages 15 to 19 of the annual report.

(i) **Fresh fruit bunches (FFB):** The FFB yield has declined from 21.5 in 2019 to 20.4 in 2020 to 19.9 tonnes per hectare in 2021. **Can management help shareholders understand the reasons for the gradual decline? How much of the decline could be attributed to unfavourable weather?**

(ii) **Milling facilities:** The group owns 49 mills with a combined installed annual capacity of 14.42 million tonnes. **Are there plans to further increase the number of mills? What is the capital expenditure required for a new mill?**

(iii) **Utilisation rates:** While the group achieved 99% utilisation rate for its refineries, the utilisation rate for the kernel crushing plants was lower at 86% in FY2021. **What are the reasons for the difference in utilisation rates?**

(iv) **B30 mandate: What are the key features of the Indonesian B30 programme? How favourable are the prices obtained from the group's participation and allocation? Is the group looking to further increase its 774,000 kilo liters of B30 allocation?**

(v) **Consumer food: For the benefit of shareholders, what are the key consumer brands and products in the group's consumer food segment? Do the group's branded products have market leadership in their respective categories?**

Q2. The board has proposed a final dividend of 1.077 Singapore cents per share. Along with the interim dividend of 0.528 Singapore cents per share distributed in November 2021, the total dividend for the year will be 1.605 Singapore cents per share or US$151 million in total.

This represents the highest dividend distributed by the company and a 234 percent increase compared to the previous year. This is also slightly higher than the dividend policy of declaring up to 30% of the group's underlying profit.

The group's net debt to equity ratio has improved to 0.2 times, the lowest level in the past 6 years.

(i) **What is the optimal capital structure to support the group's growth objectives? What is the target/optimal net debt to equity ratio?**

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(ii) The current dividend policy has a (soft) limit of 30% of the group's underlying profit. **Is the group in a position to review the dividend policy?**

The company has also initiated a share buyback programme with an allocated amount of up to US$100 million for the year 2022 to further reward our shareholders.

(iii) **What were the deliberations by the board on the initiation of a share buyback programme? Are there tax advantages in carrying out a share buyback programme compared to the declaration of dividends?**

(iv) **In addition, with a market capitalisation of over S$4.17 billion, how did the board determine the allocation of US$100 million for its share buyback programme?**

(v) **Who is overseeing the share buyback programme? What factors (including price, and timing) are being considered for the share buyback programme?**

Q3. The group has established a GAR Social and Environmental Policy (GSEP) which is the roadmap which details the group's commitments on the most material ESG issues and the group's overall approach to responsible management and it applies to the group's suppliers
and investments.

In addition, in November 2021, Ms. Anita Neville was appointed Chief Sustainability and Communications Officer (CSCO) for GAR.

The full Sustainability Report will be published by the company in June 2022. The group reports using the Global Reporting Initiative Standards – Core option and relevant disclosures recommended by the Standard for the Agricultural Production sector as defined by the Sustainability Accounting Standards Board.

The material sustainability topics, including the priority ESG topics, can be found on page 73 of the annual report. The key targets and progress can be seen on pages 74 & 75.

(i) **How does the board ensure that the group's policies are effective on the ground and result in the desired outcomes?** For instance, the group has in place a Zero Burning Policy.

(ii) **Has the group committed to a "No Deforestation, No Peatland and No Exploitation" policy?**

(iii) **Can the board/management also help shareholders better understand the main features of Traceability to the Plantation (TTP)? With over 350 third-party supplier mills, what is the level of confidence/level of assurance in the data collected?**

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As the group sources from smallholders, it has in set up a Ksatria Sawit programme which focuses traceability of the supplier mills that buy from smallholders. Around 118,000 farmers have been registered under the programme.

(iv) **What is the estimate of the total number of smallholders/farmers? How will the group be reaching out to the remaining farmers?**

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

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

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

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

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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