

United Palm Oil Industry Public Company Limited



# Annual Registration Statement

# 2022

## (FORM 56-1 One Report)

QUALITY + CORPORATE SOCIAL RESPONSIBILITY





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This Form 56-1 One Report referred to the information disclosed on the Company's website [www.upoic.co.th](http://www.upoic.co.th), which is an integral part of the Form 56-1 One Report. The Board of Directors certifies the correctness and completeness of such referred information.

## Message from the Chairman

The year 2022 has seen a significantly high fluctuation in palm oil prices. There are at least two instances of hiking to the highest price. First, during March when war between Russia and Ukraine broke out. Later in April, Indonesia, the largest exporter of crude palm oil (CPO) in the world, temporarily suspended export all of the palm oil products from April 28 - May 23, 2022. As a result, CPO's price surged to an even record high of 7,229 ringgit per ton on April 29, 2022 - that analysts called "a super cycle" starting from the second half of 2021. Several essential factors contributed to pushing the price to such highs, including the impact of the lockdown and work-from-home policies to prevent the spreading of COVID-19. There was a labor shortage, raw materials scarcity, and delayed transportation on the supply side. While demand is gradually recovering, China announced Zero COVID measures, and the war between Russia and Ukraine erupted. As a result, many countries hit Russia with economic sanctions, which affected the energy supply. Due to the continuous increase in energy prices, inflation in all countries kept increasing, especially in the first half of 2022.

The average monthly price of CPO in Thailand went up to about 56 baht in May before dropping below 30 baht in End-September. After that, the price bounced back above 38 baht in November, and dropped again to about 33 baht in End-December. The maximum and minimum price difference is varied as much as 30 baht/kg, posing a massive challenge for inventory management.

Nevertheless, prudent and efficient financial management enabled the company to maintain liquidity and growth in various situations. To continuously strengthen its performance, the company has created a corporate strategy focusing on good corporate governance to sustain business growth and attain its goal. Further, the company is exploring new oil palm expansion and monitoring and controlling its oil palm plantations to achieve higher yields and diversify with growing other crops.

In addition to the commitment to sustainable business, the Board of Directors also adheres to management principles of good corporate governance, ethics, and transparency, concerning all three dimensions: environment, society, and corporate governance. The aim is to build up confidence and benefits for shareholders, investors, and all company stakeholders in the long term.

As the Chairman of the Board of Directors, I am firmly committed to achieving the utmost company benefits under ethics, good governance, and stakeholders' awareness.

I would like to thank and express my gratitude for the trust and confidence of all company shareholders, customers, partners, business partners, and stakeholders, as well as all executives and employees who have fully put their effort into performing duties with dedication and honesty. All that has contributed to the company's remarkable success.



Assoc. Prof. Naris Chaiyasoot, Ph.D.  
The Chairman

## Message from the Managing Director

### **Company's Performance**

#### Our Business Profits

I am pleased to announce that overall, our Company's operating performance in 2022 improved markedly from the previous year. The net profit was 317.3 million Baht (2021: 306.8 million Baht), resulting from the crude palm oil (CPO) and palm kernel oil average selling price increasing by 16.4 and 33.0%, respectively. CPO slightly increased by 2.3%, thus causing our Company's revenue with sales to increase to 2,237.5 million Baht (2021: 2,074.4 million Baht), indicative of an increase of 7.9% improvement.

The domestic production of fresh-fruit-bunches (FFB) in 2022 had increased by 14.7% from the previous year, reflecting a 13.9% increase in domestic CPO production. Domestic consumption decreased by 8.9%, while the price of CPO continued to go up from the end of 2021, a result of the price of crude palm oil in the international market that has increased. The main reason is from COVID-19 epidemic situation, resulting in a shortage of labour for harvesting; other factors were the war between Russia - Ukraine, as well as Indonesia's suspension of palm oil exports from 28 April to 23 May 2022.

For the above reasons, our exporters gained the opportunity to increase the export of CPO, which continued to grow from 2021. In 2022, exports increased by 66.6%, resulting in domestic prices rising in line with CPO prices in the international markets; thus, it benefited the Company in terms of higher selling prices.

### **Production and Investment**

With a commitment to maintaining our high standards in increasing production and operational efficiency, the management is more focused on our profitability growth. As a result, our Company has continued investment projects into 2022: the renovation of bio-gas and bio-mass power generation machines was completed in the Second-quarter of 2022, and revenue from electricity sales increased by 56%.

Moreover, the Company concentrates on cost reduction, such as machinery modification to increase production efficiency and restricting the FFB grading to improve the oil extraction rate. In the estates, the Company emphasised harvesting standard ripening oil palm fruits, encouraging good agronomy practices, and enhancing crop evacuation efficiency.

The Company has suspended the oil seed hemp growing project because of an ethical dispute against the marijuana-free trade in Thailand. Whether hemp is a diverse variety with different product properties from marijuana, the general public does not recognize the differences between the two plants.



## **Sustainable Growth and Social Responsibility**

The Company has operated its businesses in compliance with all legal requirements and operates under good corporate governance by taking into consideration the following:

- Stakeholders, the economy, society, and the environment under good morality, ethics, and code of conduct,
- Compliance with RSPO (Roundtable on Sustainable Palm Oil) for sustainable palm oil production,
- Operate under elevated responsibility with the utmost awareness for various impacts, including on the environment, society, and surrounding communities, as well as on forests – a water source of nature.

Such activities offer prime confidence among shareholders, investors, employees, customers, and other stakeholders. As such, we strive for continuous improvement on these accomplishments; to build a solid social responsibility foundation and sustain the environment.

## **Human Resources and Corporate Culture**

The Company created a human resource management action plan in line with its business aims, strengthening the workforce potential to develop the organization in the short and longer term.

Since our Company recognises the employees' value, we are committed to retaining them along with their corresponding development, including improving their welfare and paying them reasonable compensation, enhancing a good, enthusiastic working environment.

2022 is another year of hardship from the outbreak of the COVID-19 virus two years ago although the pandemic's severity gradually diminished in the last quarter of the year. Infection and epidemic nevertheless continued, and our Company continued to take action to prevent the spread of clusters in our workplaces. The step is to safeguard employees in their working environment.

In this regard, the Company seeks to promote and develop our personnel's potential in line with our trust and in compliance with the Company's regulations and standards, customer requirements, and legal requirements.

On behalf of the Board of Directors, Executives, and employees, I would like to take this opportunity to thank the shareholders, customers, and business partners for their trust and support for our Company's businesses.



Ms. Anchalee Suebchantasiri  
Managing Director

## Section 1

### Business Operation and Operating Results

#### 1. Organizational Structure and Operation of the Group of Companies

##### 1.1 Policy and Business Overview

The Company founder is Mr. Wichai Namsirichai. The Company has registered according to civil and commercial code as a limited company license no. 664/2521 on 21 April 1978, with 20MB registered capital. The Company produces CPO from fresh palm and owns oil palm plantations in Krabi and Surat Thani province.

In February 1994, Commonwealth Development Corporation or CDC, a UK development finance institution that invested in oil palm in many countries, became the Company's largest shareholder after acquiring 47% of the Company's total shares from existing Thai and foreign shareholders.

At the extraordinary shareholder meeting no. 1/2537 on 15 August 1994, the shareholders approved the increase of registered capital from 250 million Baht to 324.05 million Baht by issuing 7,405,000 common shares at 10 Baht par value. The newly issued shares were swapped with all shares of Phansrivivat Co.,Ltd.at 40.9985 Baht per share resulted in a transaction with total value of 274 million Baht. Phansrivivat Co.,Ltd. has 2 subsidiaries that owned 2 oil palm concessions with over 21,349 rai in Surat Thani province. The merger resulted in the largest oil palm company in Thailand, in terms of planting area of over 44,440 rai.

On 28 May 2003, Lam Soon (Thailand) PLC ("LST") acquired 13,600,763 shares or 41.97% of total shares from the Company's major shareholders, Commonwealth Development Corporation and CDC (West Malaysian) Sendirian Berhad. Combining with its 7,874,704 existing shares or 24.30% of total shares, LST became the Company's major shareholder holding a total share of 66.29%. At present, LST holds 69.96% of total shares.

At the beginning of 2007, the Company set up Siam Elite Palm Co., Ltd., a joint venture with Center de Cooperation Internationale en Recherche Agronomique pour le Developpement (CIRAD), a French organization with expertise in tropical agriculture research and development, with a registered and paid-up capital of 50 million Baht consisting of 5 million common shares at 10-Baht par value, to produce and propagate oil palm seed. In 2009, CIRAD transferred its shares in Siam Elite Palm Co., Ltd.to a subsidiary, Palm Elite SAS (France) Co., Ltd.

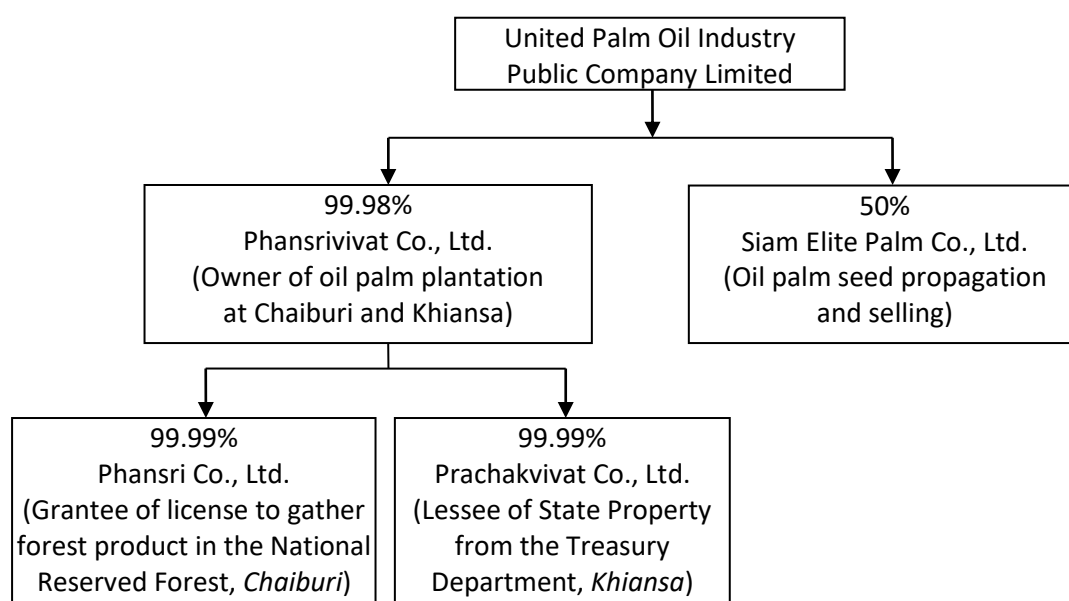


The Company has a policy of paying approximately 50% of net profit after tax as dividend, subject to prevailing economic situation and capital expenditure requirements.

## 1.2 Shareholding Structure of the Group

The Company's major shareholder is Lam Soon (Thailand) PLC which manufactures palm oil and other edible oils under brands of Yok, Naturel and other products such as shortening and margarine. The Company holds 99.98% in Phansrivivat Co.,Ltd.( a registered and paid-up capital of 274 million Baht, consisting of 27,400 common shares at 10,000 Baht par value) which owns oil palm plantations that the Company leases.

Phansrivivat Co.,Ltd. in turn holds 99.99% in Phansri Co., Ltd.(with a registered and paid-up capital of 5 million Baht, consisting of 500 common shares at 10,000 Baht par value) and Prachakvivat Co., Ltd. (with a registered and paid-up capital of 5 million Baht, consisting of 5,000 common shares at 1,000 Baht par value). These 2 companies obtained 30-year oil palm planting concessions in Chaiburi and Khiansa districts of Surat Thani province from the Royal Forest Department for 30,000 rai, of which 21,349 are planting area.



At present, the Company and subsidiary have less planting area, of which 13,478.06 rai are with land title documents and 15,103.69 rai under lease contract and permission to gather forest products in the National Reserved Forest in Krabi and Surat Thani provinces. Even though the Company occupies large palm plantation, the Company needs to purchase fresh palm fruits from external sources as raw material for its crushing mill in Krabi province. The mill has capacity to extract 540,000 MT of fresh palm per year (75 MT per hour) and crude palm kernel oil crushing mill has capacity of 27,000 MT of palm kernel per year.

Companies in which the Company has investment included

**(1) Name of Company : Phansrivivat Company Limited**

Office : 98 Moo 6, Nuaklong-Khao Phanom Road,  
Km. 9.5 Huayyoong Sub-District,  
Nuaklong District, Krabi 81130  
Tel 075-666 075  
Fax 075-666 072

Nature of Business : holding company, 99.99% shareholder in  
Phansri Company Limited<sup>①</sup> and  
Prachakvivat Company Limited<sup>②</sup>,  
which own the concession of oil palm  
plantation

Registered Share Capital : 27,400 shares  
(par value of 10,000 Baht per share)

Shareholding (common shares) : 27,394 shares or 99.98%

Remarks:

	① Phansri Company Limited	② Prachakvivat Company Limited
Office	98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130 ☎ Tel 075-666 075 ☎ Fax 075-666 072	98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130 ☎ Tel 075-666 075 ☎ Fax 075-666 072
Estate Location	Chaiburi Sub-District, Chaiburi District, Surat Thani	Khiansa and Kamvaree Sub-District, Khiansa District, Surat Thani
Granted area	6,515 rai (under permission granted to gather forest product in the National Reserved Forest)	Lease of State Property from the Treasury Department : classified into 2 parts:
Exploit Period	from 12 May 2022 to 11 May 2023	<i>Part 1</i> : 4,294.34 rai is the lease for a period of 30 years from 9 July 2014 to 8 July 2044  <i>Part 2</i> : 4,294.34 rai; the Treasury Department will allocate to poor people who own no land at the rate of 10 rai/person. Pending such allocation, the Treasury Department granted the subsidiary to exploit the land and pay the determined rental fee.
Registered Share Capital	500 shares (par value of 10,000 Baht per share)	5,000 shares (par value of 1,000 Baht per share)

**(2) Name of Company : Siam Elite Palm Company Limited**



Corporate Headquarters : 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260  
Tel 02-744 1046  
Fax 02-361 8989

Krabi Office : 98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130  
Tel 075-666 075  
Fax 075-666 072

Nature of Business : Oil palm seed propagation  
Registered Share Capital : 5,000,000 shares  
(par value of 10 Baht per share)  
Shareholding (common shares) : 2,500,000 shares or 50.00%

### 1.3 Vision & Mission

#### ***Vision***

The leading sustainable palm oil business company with operational excellence, international best practices, and world-class competitive strengths.

#### ***Mission***

- (1) Building capacity in entire palm oil business value chain from seeding, germinating, plantation, crop oil extraction and related business so as to be competitive and recognizing in the future.
- (2) Performing the high value palm oil business by focusing in research and development of palm seed breeding of seed with high yield and adaptable to a range of cultivation area to fulfill grower requirements as well as providing the best services.
- (3) Employing advanced technology in production, research and development with international management system as well as taking care of the environment, biodiversity, communities, and society.
- (4) Always ensuring the health, safety, and welfare of all employees and building trust and confidence among our customers, grower/suppliers and generate return to shareholders and other stakeholders appropriately.

### 1.4 Business Goal and Strategy

The Company commits to achieving the business goal with transparency awareness, ethical integrities, respect for human rights, sustaining well-being communities and the environment, and applying superior technology advantage to increase production efficiency, while taking into account the impact on the environment, society and community. All these orientations are vital in attaining the topmost organization targets i.e. the Company's values, the stakeholder benefits, and consistently contributing to shareholders' wealth in the longer term. All sectors are important for the sustainable growth and development of the business.

## 1.5 News Highlights of Previous Year

### 1.5.1 Litigation

- **Krabi chief public prosecutor filed a lawsuit against the Company with the Court to vacate the land at Krabi Noi, Muang Krabi.**

On 9 September 2021, the Krabi chief public prosecutor filed a lawsuit against the Company, alleging that the Company utilized the land of 3,978-2-24 rai in land reform area for oil palm plantation in violation of section 9,108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor requested the Court to give an eviction order to the Company.

On 12 October 2022, the Court dismissed the case. The case is pending appeal by Krabi chief public prosecutor.

*(Information as presented in Notes to Financial Statements 32)*

- **A group of villagers filed a petition to the Central Administrative Court to revoke land title documents of the Company in Phra Saeng District, Surat Thani.**

A group of villagers who claimed to be farmers brought a legal action against the Company and filed a petition to the Central Administrative Court, seeking its judicial consideration to order the Land Department to revoke the following Company's land title documents in Bang Sawan Sub-district, Phra Saeng District, Surat Thani.

- 13 plots under land title deeds, covering a total area of 82 rai, and
- 10 plots under Nor Sor 3 Kor certificates, covering a total area of 325 rai.

The villagers alleged that land officers had issued the documentation in an unethical manner.

On 19 March 2021, the Central Administrative Court rendered judgement and directed that:



- Director-General of Surat Thani Land Office and land officers Surat Thani Province, Phra Saeng Branch, shall perform duties in accordance with Section 61 of the Land Code to revoke or amend the Company's land documents of said plots to make them legal and
- Director-General of the Forest Department to conduct relevant actions under his authority to evict the Company from the disputed land within 180 days from the date of the case is finalized.

On 16 April 2021, the Company appealed the judgment to the Supreme Administrative Court. The case is currently under the consideration.

**(Information as presented in Notes to Financial Statements 32)**

- **The Land Department revoked land title documents of the Company in Phra Saeng District, Surat Thani.**

On 25 November 2022, the Land Department issued a letter ordering the revocation of the Company's land title indeed 10 plots in Bang Sawan Sub-district, Pra Seang District, Surat Thani. These title deeds were issued following a project of surveying land titles deeds in 2006 by reference to Nor Sor3 Kor certificates on the exact location as issued in a project of surveying Nor Sor 3 Kor certificates in 1981, which were issued in an illegitimate manner.

On 9 December 2022, the Company appealed against the revocation order and filled a lawsuit with the Central Administrative Court on 1 February 2023.

However, if the Company loses land plots, the cost of land and net book value of the cost of oil palm plantation development will be decreased by Bath 0.5 million.

*(Information as presented in Notes to Financial Statements 32)*

**1.5.2 Order of Krabi Provincial Agricultural Land Reform Office**

- **ALRO land plot No. 602**

On 9 March 2020, the ALRO issued a notice designating land plots No.602 in Krabinoi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 683 rai, as a prospective area for land reform which is not incorporated in a land reform program. A land owner was required to produce evidence and documentation regarding land right under the Land Code or other

relevant laws within 15 days from 31 March 2020, the date the notice was posted the ALRO in Krabi

In 2020 and 2021, the Company brought a legal action regarding rights over the land plots.

On 10 March 2022, the ALRO in Krabi submitted an additional statement lodging an objection against the Company's testimony. On 29 June 2022, the Supreme Administrative Court upheld the Administrative Court of First Instance's judgment not accepting a lawsuit since the Company filed the lawsuit after the end of the filing period. The case is therefore finalized.

However, the Company wrote off the cost of land and net book value of the cost of oil palm plantation development in the 2022 financial statements.

*(Information as presented in Notes to Financial Statements 31)*

- **ALRO land plot No. 603**

On 21 July 2020, the ALRO issued a notice designating land plots No. 603 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 3,617 rai, as a targeted area for land reform and bringing a legal action against any illegal encroachment. Owners of the designated areas were required to submit a petition with evidence and documents regarding land rights under the Land Code or other applicable laws within 15 days from the date the notice was announced at the ALRO in Krabi, i.e. from 19 August 2020. On 3 September 2020, the Company as a landowner submitted a petition with evidence and documents regarding land rights over the designated land plots. In 2020 and 2021, the Company brought a legal action regarding rights over the land plots.

On 10 March 2022, the ALRO in Krabi submitted an additional statement to overcome the Company's objection. On 29 June 2022, the Supreme Administrative Court upheld the Administrative Court of First Instance's judgment not accepting a lawsuit concerning the revocation of the notice of ALRO on designating a targeted area for land reform because the Company filed the lawsuit after the end of the filing period. However, the Supreme Administrative Court accepted a lawsuit concerning the revocation of the order on vacating the land plots and removing all constructions in the targeted area. The Supreme Administrative Court is currently reviewing this case.

The Company set aside an allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development



amounting to 13 million Baht as expenses in the 2021 financial statements.

*(Information as presented in Notes to Financial Statements 31)*

- **ALRO land plot No. 604**

On 4 June 2021, the ALRO announced that land plots No. 604 in Khao Phanom Sub-district and Phru Tiao Sub-district, Khao Phanom District, Krabi, covering a total area of 4,200 rai, were a prospective area for land reform which is not incorporated in a land reform program. A landowner was required to provide evidence and documentation regarding land rights under the Land Code or other applicable law, being responsible for the preparation of laws within 15 days from the date the announcement was posted at the ALRO hereby approve their issue in final form in Krabi.

On 6 December 2022, the Company received a letter from the ALRO in Krabi, informing of evaluation results, which evidence relating to possession of such prospective area was unjustifiable. Subsequently, on 16 December 2022, the Company lodged an objection.

On 29 December 2022, the ALRO in Krabi sent a letter informing that the ALRO's judgement was final and conclusive. If the Company objected to the judgement, the Company could file a lawsuit with the Phuket Administrative.

However, the Company set aside an allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development amounting to Baht 27 million as expenses in the 2018 financial statements and wrote off the net book value of the cost of building and equipment by Baht 2 million in the 2022 financial statements.

*(Information as presented in Notes to Financial Statements 31)*

## 1.6 Company Profile

Company's Name	: United Palm Oil Industry Public Company Limited
Registration No.	: 0107536000404 (formerly Bor Mor Jor 114)
Website	: www.upoic.co.th
Nature of Business	: Oil palm plantation and production of crude palm oil (CPO) and crude palm kernel oil (CPKO)
Registered Share Capital	: 324,050,000 Baht
Outstanding common shares	: 324,050,000 shares
Par value	: 1 Baht
Corporate Headquarters	: 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260 Tel 02-744 1046 Fax 02-361 8989
Krabi Office and Crushing Mill	: 98 Moo 6, Nuaklong-Khao Phanom Road Km. 9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130 Tel 075-666 075 Fax 075-666 072
Oil Palm plantation	: Oil palm planted area of the Company and Subsidiaries comprised 2 parts as follows

### 1.6.1 Own Planted Area

Classified by the areas that have document of rights i.e. title deeds, Nor Sor 3 kor, and Nor Sor 3, with total area of 13,478.06 rai, comprises of the following areas;

1. Krabi Noi Estate 78 Moo 4, Krabi Noi Sub-District, Muang District, Krabi
2. Khao Phanom Estate 38/2 Moo 8, Khao Phanom Sub-District, Khao Phanom District, Krabi
3. Khao Khen Estate Ao Luk Tai Sub-District, Ao Luk District, Krabi
4. Ban Mark Estate 65/1 Moo 6, Bangsawan Sub-District, Prasaeng District, Surat Thani
5. Koh Noi Estate 904 Moo 2, Bangsawan Sub-District, Prasaeng District, Surat Thani
6. Tub Prik Estate Tub Prik Sub-District, Muang District, Krabi

### 1.6.2 Subsidiaries Planted Area

1.6.2.1 Lease of State Property from the Treasury Department, located at 229 Moo 2, Khiansa Sub-District, Khiansa District, Surat Thani, which are classified into 2 parts;

Part 1: 4,294.34 rai is the lease for a period of 30 years from 9 July 2014 to 8 July 2044

Part 2: 4,294.34 rai; the Treasury Department has a policy to allocate to poor people who own no land at the rate of 10 rai/person. Pending such allocation, the Treasury Department granted the subsidiary to exploit the land and pay the determined rental fee.

1.6.2.2 The concession from the Royal Forest Department, located at 16 Moo 5, Chaiburi Sub-District, Chaiburi District, Surat Thani, was expired since 1 January 2015, which is currently under renewal request. However, the Company was granted permission to gather forest product in the National Reserved Forest for the area of 6,515 rai for a period of one year and will be renewed on yearly basis.

## 1.7 Nature of Business

United Palm Oil Industry Public Company Limited (UPOIC) is a plantation company that produces crude palm oil (CPO) from its own source of fresh fruit bunches (FFB) as well as FFB purchased from outgrowers in the surrounding area of the crushing mill. Other minor products are crude palm kernel oil (CPKO) extracted from palm kernel (PK) and palm kernel cake (PKC) which are by-products from the earlier-mentioned process and mainly used for the feed mill industry.

At present, UPOIC and its subsidiaries have their own oil palm planted area with the documents of rights for 13,478.06 rai. Other areas belong to State Property comprising lease area and permission to gather forest product with the total area of 15,103.69 rai, located in Krabi and Surat Thani.

UPOIC also owns a palm oil crushing mill in Krabi province and with a processing capacity of up to 540,000 MT of FFB per annum (75 MT per hour). The palm kernel expeller plant (PKX) is capable of processing up to 27,000 MT of PK per annum.

UPOIC's current revenues come mainly from domestic sales. Its main products, namely CPO, CPKO, PKC, are important raw materials for products such as edible (cooking) oil, animal feed, butter, margarine, soap, shampoo, detergent, cleansing liquid, cosmetics as well as food ingredients for snacks and ice cream. PKC is mainly supplied to local poultry farmers and feed millers.

In 2022, CPO sales contributed about 86.55 % of its total revenue. The Company produced CPO less than 5% of the total CPO produced in the Kingdom because the Company's crushing mill is one of 109 CPO crushing mills, hence intense competition in fresh fruit bunches evacuation both in quantity and raising prices. The crop quality, as a result, is inevitably poor, and the CPO extraction rate decreases.

## 1.8 Revenue structure

Product/Services	2020		2021		2022	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
CPO	737	79.76	1,625	78.35	1,937	86.55
CPKO	96	10.39	302	14.56	204	9.12
Others	91	9.85	147	7.09	97	4.33
Total Sales	924	100.00	2,074	100.00	2,238	100.00

Note: All sales are carried out by UPOIC itself, all of which are domestic sales.



## 1.9 Product Information

- (1) Crude Palm Oil (CPO) is the oil extracted from fresh palm fruit. Oil Extraction Rate (OER) depends on the palm quality with an average OER of 16% - 18%. By-product of the extraction is palm kernel which is raw material to produce Crude Palm Kernel Oil.
- (2) Crude Palm Kernel Oil (CPKO) is the oil extracted from palm kernel. The extraction rate is 43% - 44% with Palm Kernel Cake as a by-product which used in animal feed production.

CPO and CPKO are the raw material used for downstream industries such as cooking oil, shortening, margarine, cracker, cake, cocoa butter, ice-cream, creamer, soap, shampoo, candle, glycerin, amines color, food ingredient, chemical products, tin coated, feedstock, etc. In addition, palm oil is currently an important material in Biodiesel production which is an alternative energy for petroleum oil.

Oil palm has significant qualities i.e., high burning point and enriched with beta carotene being beneficial for health. Besides, it has lower absorption than other cooking oils, resulting in not sticking to the fried food, having better food color and longer shelf life.

## 1.10 Product Overview and Factors

Industry structure of oil palm and palm oil consists of three major parts which are (a) palm growers, (b) crushing mill, and (c) refinery and downstream industries. A change in each part affects one another. Over the past decade, there has been an additional demand in palm oil for Biodiesel production, in some years causing an imbalance condition between Biodiesel demand and palm oil supply for consumption, affecting palm oil price.

Other external factors that influence domestic price include global pricing, prices of other vegetable oils that can be substituted, and uncontrollable factors e.g. climate which directly affects the FFB output in each season. In the past, a competition in the market of raw material was mainly on pricing which always led to the price volatility. Besides, the change in the selling price of finished goods also depends on competitors' prices and government policies.

Among all vegetable oils, palm oil is the most commonly consumed. It also has the lowest production cost. Thailand is the third largest palm oil producer, accounting for less than 4% of global production, far behind Indonesia and Malaysia. Indonesia and Malaysia currently have oil palm harvesting areas of around 100 and 35 million rai respectively; Thailand has around 6.2 million rai, about 86% of which is located in southern provinces due to the weather suitability.

## 1.11 Marketing and Competition

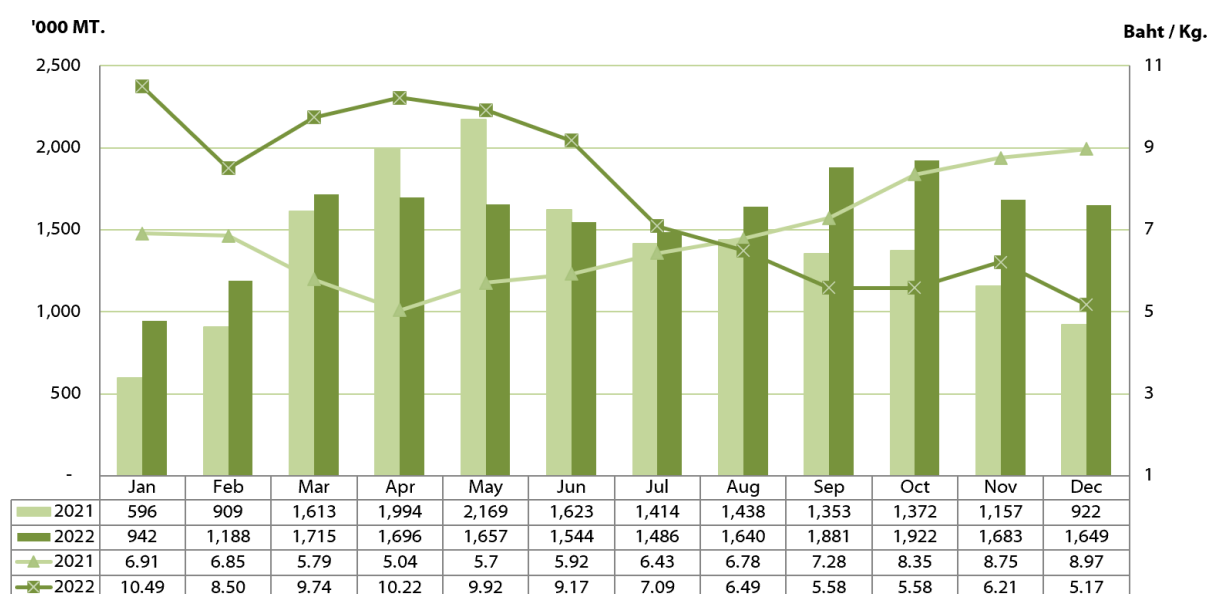
### 1.11.1 Palm Growers

Almost all oil palms are harvested as FFB to produce palm oil with a small proportion being used as seeds. The increase in oil palm output mainly came from an increase in harvesting area. The oil palm production expanded consecutively from 45,890 MT in 1977 to 1.3 million MT and 19 million MT in 1991 and 2022. Thailand doesn't import FFB.

The supply of palm fruit in Thailand during the past 2 - 3 years was supported by 1) favorable climate, having continual rainfall, thus enhancing yield per rai, 2) significant expansion of harvested area to meet the government's target of yearly expansion of 10 million rai by 2029, and 3) an influx of maturing oil palms (over 8 years) planted earlier producing high yields. Hence, FFB output each year in the Kingdom has improved significantly. However, in 2020, FFB output declined due to the dry weather and lower yield attributable to farmers reducing fertilizer applications.

FFB output rose again in 2021 and 2022 to 16.6 million MT and 19 million MT respectively due to improved rainfall during late 2020 through 2022, resulting in adequate water and completed development of palm bunches. In 2022, monthly FFB output ranged from its lowest at around 0.9 million MT in January and to its peak of 1.92 million MT in October. The annual average FFB price in 2022 was at 7.85 Baht/Kg (2021: 6.90 Baht/Kg), with the highest monthly average at 10.49 Baht/Kg in January and lowest at 5.17 Baht/Kg in December.

**Figure 1: Monthly FFB Output and FFB Price (OER 18%)**



Source: Department of Internal Trade

### 1.11.2 Crushing Mills

Palm oil extracted from a crushing mill consists of CPO and CPKO. CPKO well replaces coconut oil. CPKO is extracted only from large-scale crushing mills that separate Palm Kernel from FFB. For small-scale crushing mills, palm oil is extracted from FFB without separating Palm Kernel, resulting in a mixed CPO.

Residual materials from the crushing process include palm fiber, palm shell, and empty bunch. Crushing mills utilizes palm fiber and palm shell as the fuel for boiler to generate electricity for internal usage. Palm shell can be used as fuel to replace petroleum oil. Crushing mills sometimes sell palm shell instead of using it as the fuel for boiler; hence adding value to the industry. In some crushing mills, boiler is modified to use not only palm fiber but also empty bunch as fuel. Renewable energy from such Biomass lessens petroleum usage, lowering CPO production cost as well as conforming to the government's energy conservation policy.

The number of CPO crushing mills has increased from 91 in 2013 to about 129 mills at present (of which only 109 mills are still in operation), giving rise to a current total milling capacity of about 30 -35 million MT of FFB per year. This is significantly higher than the FFB output recorded in 2022 at about 19 million MT; capacity utilization rate of crushing mills was about 63%. Because of the significant imbalance between demand and supply, there is an intense competition to buy FFB from farmers to minimize the production cost, perhaps ignoring the quality, leading to price volatility and compromising FFB quality, ultimately hindering the development of the palm oil industry in Thailand.

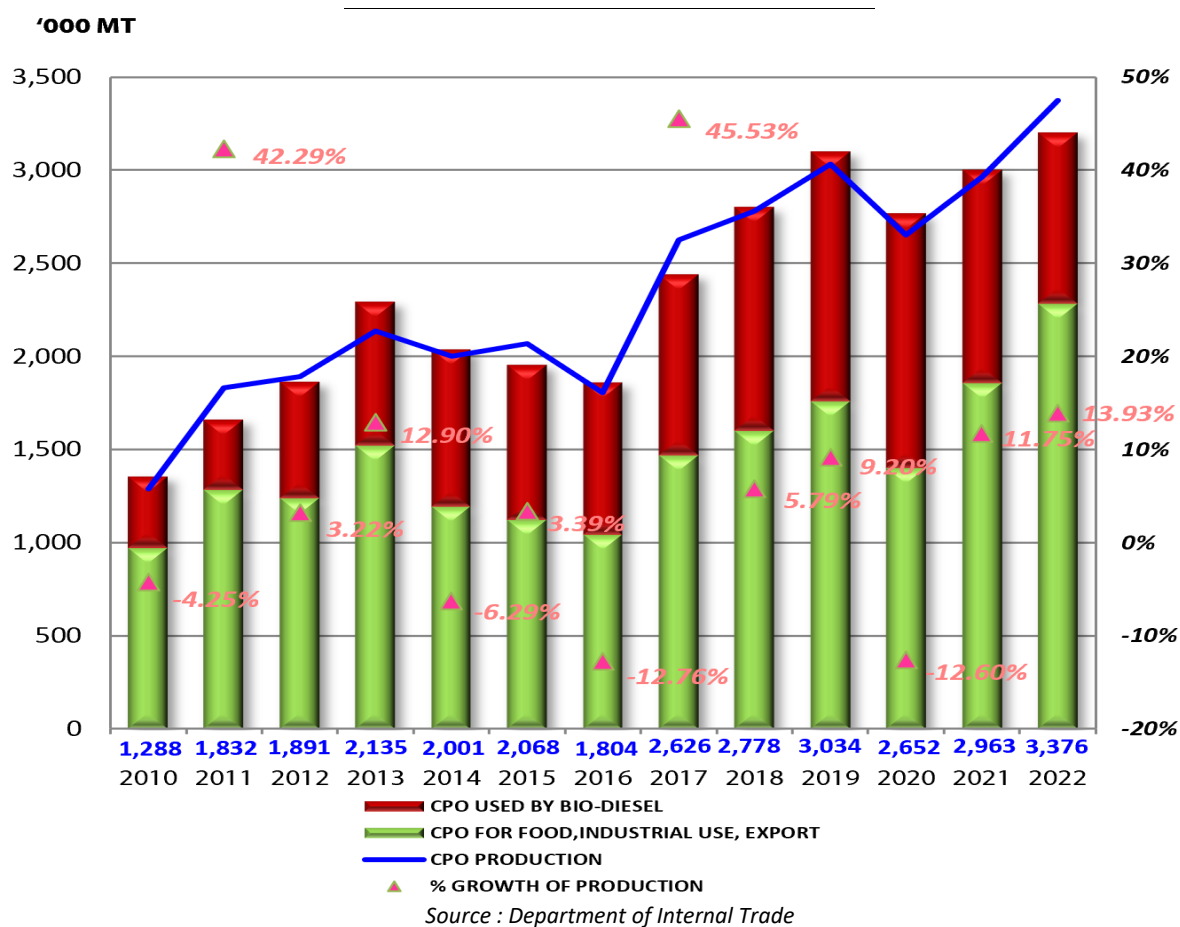
#### ○ Supply

Each year was characterized by volatility in palm oil supply, depending on FFB output each season. Total CPO production in the Kingdom in 2022 was 3,375,922 MT, increasing by 14% from 2021 (2021: 2,963,225 MT). The monthly volume was highest in October at 341,988 MT and lowest in January at 169,460 MT. At the beginning of the year, both FFB and CPO output were very low, resulting in CPO stock nationwide at the end of January dropping to 157,745 MT, lower than the optimum level by 100,000 MT.

#### ○ Demand

In 2022, the demand for CPO for consumption in Thailand has not changed much, while the demand for renewable energy has declined. This is because the implementation to reduce the blending of palm oil in biodiesel to B5 during February till early October. In 2022, demand for CPO for consumption and other industries was 1.25 million MT, similar to 2021, and demand for crude palm oil for renewable energy amounted to 0.92 million MT, down from 1.15 million MT in 2021 by 19.83%. The price of palm oil in 2022 increased dramatically, during the first half of the year in particular.

Figure 2 : CPO Usage in Thailand



CPO demand in the Kingdom was shared between :

(MT)	2021	2022	% Change
Consumption and others	1,235,300	1,250,824	1.26
Biodiesel	1,146,381	919,020	-19.83

### 1.11.3 Refinery and Downstream Industries

The downstream processing capacity of palm oil in Thailand is mainly as follows:

- Refineries: There are a total of 22 refineries in Thailand giving a current refining capacity of about 2.5 million MT of input per annum. The capacity utilization is estimated at 70%. When compared with a large number of crushing mills, there are fewer players because of entry barriers for newcomers in the form of huge capital investment cost, know-how, and technology. Nevertheless, competition among refineries started to intensify in recent years as the new players apply price strategy in an attempt to gain market share.



- Biodiesel Plants: Thailand has 17 fatty acid methyl ether plants with a total production capacity of approximately 10.13 million liters/day. 70% of the production cost derives from CPO and the remaining 20% is chemical costs, and 10% of operating costs. During 2021 - 2022, the epidemic situation of COVID-19 has eased. The government therefore has canceled the stringent control but provided relief and preventive measures aligning with the relax situation. The demand for biodiesel in transportation sector has tended to grow. However, during the year 2022, there were several factors aggressively pushing up palm oil price, thus the usage of palm oil itself to blend for biodiesel was dropped to less than 1 million MT. If the situation of palm oil price returns to normal level, it is expected that the demand for biodiesel will grow further in 2023 at an average of 5.3 - 5.7 million liters per day. In long term, the growth of electric vehicles is to be monitored as it might affect the demand for biodiesel. The Ministry of Energy aims to produce electric cars at 30% of total production by 2030 (In 2020, electric car registrations were at 3.5% of total new registrations). It is expected that in 2025, electric car will be priced at the same level as combustion car. This will cause the demand for fuel including biodiesel, to reduce in the future. As a consequence, it is likely that in the future Thailand's palm oil industry has to face an oversupply situation. The country then has to greatly rely on exports.

In 2022, since CPO price in the world market were at a high level, Thailand was able to export CPO and its products continually almost all year. Furthermore, the government's policy was continued to push palm oil exports to reduce excess production in 2020 – 2022 by supporting administrative expenses for CPO exports at a rate of not more than 2 Baht per Kg. when the domestic CPO stock level exceeds 300,000 MT and the domestic CPO price exceeds the world market price.

In 2022, the total export volume of CPO was as high as 1,031,281 MT, a significant increase from 618,839 MT in 2021.

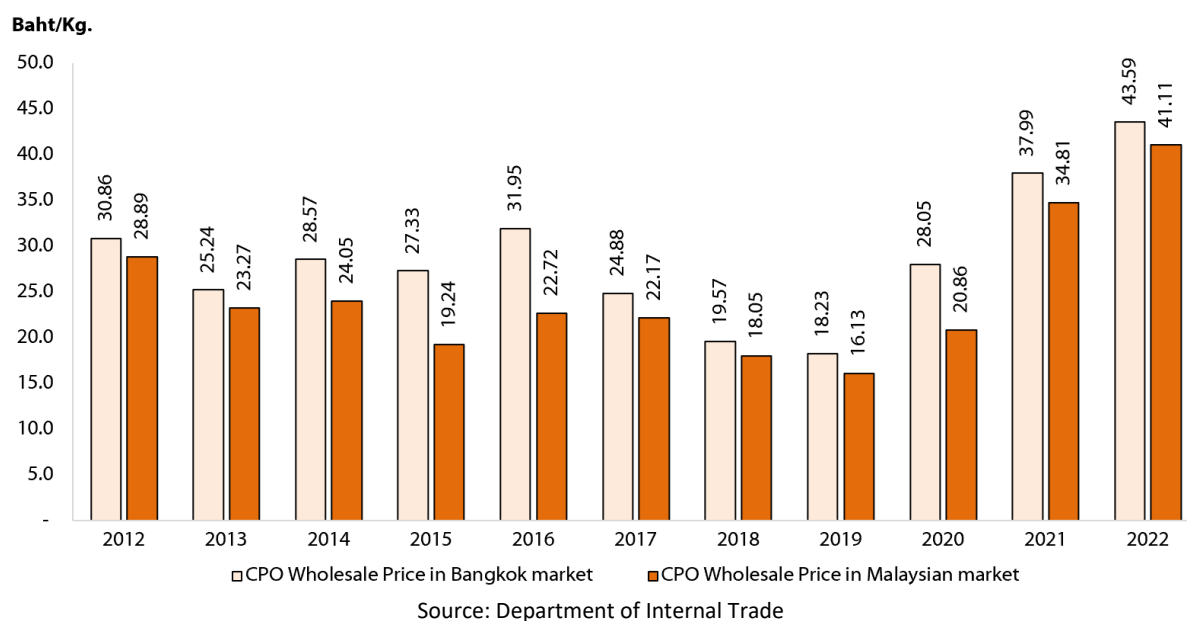
#### 1.11.4 FFB and CPO price

Local prices of oil palm and palm oil depend on the output, usage volume, and CPO stock in nationwide, including the situation of palm oil price in world market as well as prices of other vegetable oils that can be substituted. Monthly CPO price in the Kingdom in 2022 varied between 31.35 – 56.52 Baht/Kg (2021: 32.07 – 46.76 Baht/Kg). The annual average CPO price was 43.59 Baht/Kg., a 14.73 % increase from 2021 (2021: 37.39 Baht/Kg). CPO price in the Kingdom had reached its lowest in October and highest in May. The average price gap from the global market was at 2.48 Baht/Kg (2021: 3.18 Baht/Kg).

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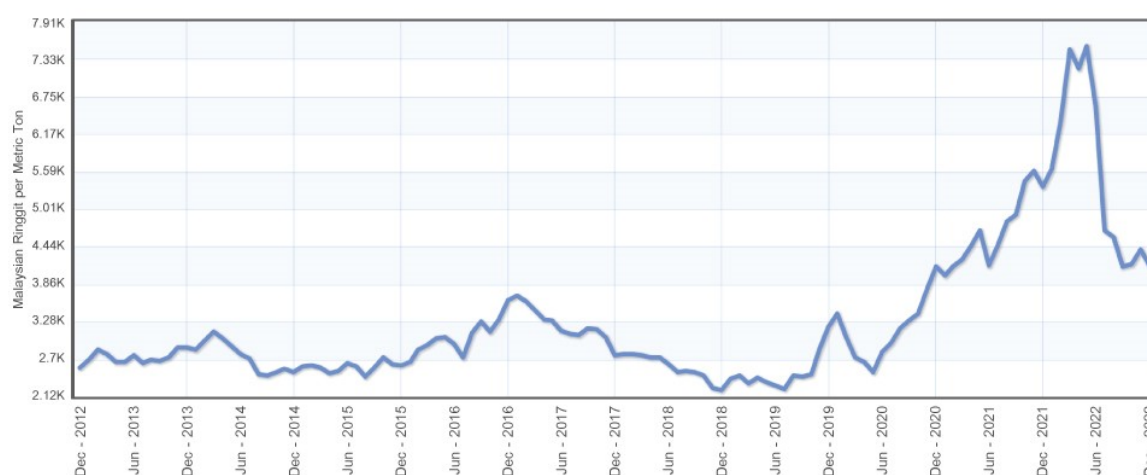
**Figure 3 : Comparison of CPO Wholesale Price Between Bangkok and Malaysian Market**

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The graphical figures showed the remarkably increasing domestic fresh fruit bunch average price in 2022 following the movement of the global market rate. During the first half of the year, there was a small gap between the domestic and international CPO prices, with the government supporting the export at the maximum of THB 2 per kilogram; this led to the CPO export capability by the traders.

**Figure 4 : Malaysian Palm oil Monthly Price**



Source: <https://www.indexmundi.com/commodities/?commodity=palm-oil&months=120&currency=myr>

In 2022 was an unusual volatile year for palm oil where its prices were skyrocketed at least twice; during March driven by war between Russia and Ukraine, and later by the end of April from Indonesia; the world's No. 1 exporter of Crude Palm Oil, that temporarily suspended its exportation of

palm oil-based products during April 28 – May 23. Indonesia enforced that policy to protect domestic supply, requiring manufacturers to reserve products for domestic consumption first (Domestic Market Obligation-DMO). This was to prevent the domestic palm oil price from getting too high. Indonesia also set the blending ratio of palm oil in diesel to be as high as 30% or B30. In addition, Malaysia had been facing a shortage of workers harvesting oil palm in plantations, and its output was still low during the first half of the year. As a consequence, the global CPO price soared to a record high level at 7,229 ringgit per MT. on April 29.

During the second half of 2022, the CPO price in world market appeared to have some setback due to approaching crop season, together with zero covid policy implemented by China. Further, at the early of December, soybean oil futures fell sharply after the US government unveiled a proposal to expand the U.S. biofuels policy with bigger volume mandates, but it is less than market expectation.

However, Indonesia had announced to enforce B35 for its biodiesel taking effect on 1 January 2023. This had driven the world palm oil price to a strong rise at the year end with CPO price in the Bursa Malaysia Derivatives (3rd Month) closing on 30 December 2022 at 4,173 ringgit per MT.

#### **1.11.5 Industry Trend and Competition Outlook**

In 2023, the overall palm oil industry is expected to expand aligning with the domestic and international demands, especially from the food and oleo chemical industry that growing in line with the economic recovery from reopening countries after the COVID-19 subsided. Furthermore, the biodiesel industry will recover in line with the transport sector. The demand for palm oil consumption within the Kingdom is estimated at approximately 1.2 million MT, the demand for palm oil for biodiesel production at approximately 1.2 – 1.5 million MT.

Overall, the production output is expected to increase to around 19 – 20 million MT of FFB in 2023 due to favorable weather conditions, continuous rainfall, coupled with good oil palm plantation management during 2020-2022 thanks to good palm oil prices. Consequently, in 2023, the oil palm prices in the Kingdom has a chance to decline pressed by a significant increase of output in nationwide as earlier mentioned, including overall supply in global market, especially from Indonesia and Malaysia which is likely to return to harvest palm fruit as usual. However, another important variable to be considered includes the proportion of biodiesel blends being reflected by the situation of petroleum oil prices and CPO price used to produce biodiesel (B100).

In 2022, the government enforced B5 (starting on 5 February) and later changed to B7 (starting from 10 October 2022 till 31 March 2023) to reduce production costs and control retail high speed diesel prices. If the situation in 2023 returns to normal, B10 might be returned to baseline diesel to maintain the domestic CPO stock at an appropriate level.

At present, Thailand has established the Thailand Oil Palm Board (TOPB) to supervise the palm oil industry and enhance its stability, including strengthening supply chain starting from the issuance of policies and plans for oil palm development, the allocation of supply for household consumption and industrial usage, control of import of palm fruit and palm oil from foreign countries, as well as the purchase of oil palm products from farmers during low price or issuance of measures to mitigate the usage of palm oil during the period of high price. Furthermore, TOPB has to integrate with many government agencies to support the industrial sector, such as the Ministry of Industry to support the food and the oleo chemical industries. The Ministry of Energy is responsible for the biodiesel, electricity and bioenergy industries. Department of Internal Trade (c/o Ministry of Commerce) is to recommend the purchase prices of palm fruit and palm oil to be in line with a fair and reasonable price structure. DIT is to issue a monthly report on production volumes, consumption, and palm oil inventories according to the Notification of the Central Committee on Prices of Goods and Services, in a quickly, accurately and timely manners.

Nevertheless, in long term, the Euro 5 standard fuel enforcement policy in 2024 to solve the problem of particulate pollution as well as government policies to promote electric vehicles (EV) to reduce emissions are likely to reduce the use of biodiesel and CPO for biodiesel production in the future.

In view of such developments, the context of palm oil will be forced to change from cheap and environmentally damaging vegetable oil to the production of palm oil certified to sustainability and traceability standards. In addition, increasing the value of palm oil for use as raw material for producing environmentally friendly bio-products and promoting the high valued oleo chemical industry to replace the demand for CPO for biodiesel production tends to decrease in the future.

However, a direction of palm oil industry in terms of development and evolution to a high level is unclear. A systematic extension to various downstream industries requires high capital investment to generate economies of scale. Currently, excess supply of palm oil left over from domestic consumption has increased. However, the volatility of palm oil quantity and price remains problematic and threatens market equilibrium and further developments.

#### **1.11.6 Number of Competitors and Company Size Compared to Competitors**



Most of Thailand's oil palm harvested areas are in Surat Thani province, followed by Krabi, Chumporn, Nakorn Srithammarat, Trang and Phang-nga provinces.

The Company owns one of the largest oil palm plantations in Thailand. Accordingly, the Company has an advantage in terms of FFB cost. The Company also owns a medium size crushing mill with a capacity of 75 MT of FFB per hour.

Presently, there are 129 palm oil crushing mills, of which 109 are in operation. Palm oil crushing mills are spreading in the palm harvested areas in the Southern part of Thailand and have a total capacity of 30-35 million MT of FFB per year.

#### **1.11.7 Competitive Potential**

The total capacity of crushing mills at 30-35 million MT of FFB per year is not in proportion with FFB output in 2022 at 19 million MT, causing an 63% utilization rate of total capacity of aggregated crushing mills. As a result, competition to buy FFB drives up the price without regard to quality control. As the Company owns large oil palm plantations, the Company has an advantage in raw material cost.

#### **1.11.8 Marketing Policy and Strategies**

Among all vegetable oils, palm oil is the most commonly consumed. It also has the lowest production cost. Thailand is the third largest palm oil producer, accounting for less than 4% of global production, far behind Indonesia and Malaysia, which currently have oil palm harvesting areas of around 100 and 35 million rai respectively; Thailand has around 6 million rai, about 86% of which is located in southern provinces due to the weather suitability.

Thai palm oil industry has the potential to develop and grow further, following an expansion of Biodiesel industry and still having low consumption per capita of palm oil for Thai people. Besides, palm oil price is comparatively low compared to other vegetable oils. Generally, there is no lack of demand for palm oil from both domestic and international markets. Predominantly, the Company produces palm oil to serve the domestic demands. In some years, palm oil supply is more than domestic demand due to favorable climate; leading to low domestic price whilst international palm oil price is higher. Therefore, the Company could export to increase profitability. Conversely, when there is less FFB, cost of raw material would be inflated due to a buying competition.

To be able to compete in the global market, the Company needs to control the production cost by improving machine efficiency to reduce oil loss during the process and to elevate more FFB into the crushing process.

#### **1.11.9 Target Market**

Most of the Company's customers are refinery plants, of which there are 22 plants with a combined annual capacity of 2.5 million MT of raw material and 17 Biodiesel plants. The yearly fresh fruit bunch in 2022 was 19 million tons (2021: 16.5 million tons) which increased from 2021 by 14.7%. However, the government occasionally approved palm oil importation during insufficient CPO for total domestic demands to alleviate the tight quantity supply.

In contrast, during a peak season of numerous FFB and excess CPO, the Company may export when the global price is higher than the domestic price.

#### **1.11.10 Distribution and Distribution Channels**

The Company sells CPO and CPKO to refinery plants and Biodiesel plants with future or spot contract specifying pricing, delivery destination as well as quality.

Palm Kernel Cake is sold to feedstock mills and herdsmen in the neighborhood.

#### **1.11.11 Proportion of Domestic to International Sales in Last 3 Years**

The Company did not directly export any palm oil in last three years.

### **(1) Product Procurement**

#### **Product Sourcing**

The Company's main product is CPO which it produces by own mill. Palm Fruit or Fresh Fruit Bunch (FFB), the raw material for the production of CPO is sourced from the Company's own crop as well as outgrower crop purchased from farmers and other traders/collectors.

By-products include CPKO crushed from Palm Kernel (PK), and Palm Kernel Cake (PKC), by-product from CPKO.

#### **Manufacturing**

The Company's crushing mill is located at 98 Moo 6, Km. 9.5, Nuaklong-Khao Phanom Road, Huayyoong Sub-District, Nuaklong District, Krabi 81130. It has the following production capacity (MT): -

	2020	2021	2022
<b>Production capacity (Unit : MT-raw material)</b>			
CPO	657,000	657,000	540,000
CPKO	32,850	32,850	27,000
<b>Utilized Capacity (Unit : MT-raw material)</b>			
CPO	179,497	277,833	266,436
CPKO	4,067	6,509	5,853
<b>Utilization Rate (%)</b>			
CPO	27	42	49
CPKO	12	20	22
<b>Increased Rate of Production Volume (%)</b>			
CPO	30	55	-4
CPKO	27	60	-10

**Note:** 1. Number of production shifts are at 3 per day at maximum and 300 working days.  
2. Number of actual production shifts are at 2 (16 or 24 hours per day depending on Volume of palm fruit.)

## (2) Raw Material Sourcing

Since the volume of own FFB crop from the Company's plantations is not enough for the throughput of its crushing mill, the Company is required to purchase FFB from farmers and other traders to optimize the utilization of the mill. Sources of raw material solely come from domestic, of which the Company has a policy of not relying too much on any single supplier, to ensure the adequacy of raw material.

### Problem with Raw Material

FFB output depends on rainfall and levels of supervision, whilst quality of palms with high extraction rate of CPO depends on harvesting process. Owing to good supervision and standardized harvesting, palm quality from the Company's estates is satisfactory and yields high CPO extraction rate.

The annual FFB supply is not enough to meet demand from the crushing mills which are increasing in number year by year. It causes a high competition to purchase FFB, while the palm oil extraction rate is quite low. Besides, unpredictable climate i.e. flooding and drought cause FFB to yield low OER. Also, some growers harvesting when the fruit is immature especially during the high price season. Aforementioned concerns lead to low yield per rai and low OER.

The Company has policy to improve raw material quality by advising external growers who wish to improve their fruit quality. It practices the quality grading of FFB from external growers at the purchasing point. The Company sets its FFB purchasing price according to the oil extraction rate in order to motivate external growers to deliver qualified FFB. However, the quality grading might not be applicable during the low season.

The Company use the industry's international standard for CPO extraction technology. To improve the production efficiency, machines and tools utilization as well as operations are acquired as appropriate. The Company also constantly researches new technology to improve productivity, lessen oil loss, and ridden pollution from production process.

### **(3) Material Substitution**

Crushing mill can use only FFB, and no other raw material, as the feedstock to produce palm oil.

### **(4) Suppliers of Raw Material**

The Company has purchased FFB mainly from nearby farmers in Krabi and Surat Thani, without any one of those selling FFB higher than 30% of total purchase amount.

### **(5) Proportion of Purchasing Raw Material in the Kingdom and Abroad**

FFB is an agricultural crop and required to be extracted within 24 hours, otherwise the Free Fatty Acid may escalate exceeding the standard level for international market. In such cases the selling price will be reduced when delivered. There is no importation of FFB. However, CPO or R.PO may be allowed to be imported from time to time, subject to the conditions determined by the Government.

## 1.12 Assets Used in the Business

### 1.12.1 Fixed Assets

As at December 2022, fixed assets used in the business of the Group are as follows:

Type of assets	Unit (Rai)	Ownership Document	Net Book Value (Baht)
1. Land			
1.1 Land for palm plantation	13,478.06	Title deed, Nor Sor 3Kor, Nor Sor 3	685,894,647
1.2 Land for factory, Office, Staff house	153.10	Title deed	745,574
1.3 Unused land	-		-
Total Land	13,631.16		686,640,221
<u>Less</u> Allowance for impairment loss			(8,154,074)
Net	13,631.16		678,486,147
2. Office building, Factory building, Staff house		Owner	65,445,757
3. Machine and Equipment		Owner	136,402,572
4. Vehicle		Owner	20,128,093
5. Furniture, fixtures, and office equipment		Owner	2,039,839
6. Plantation Development Cost		Owner	171,950,885
7. Immature and Nursery			2,115,292
8. Land possessory rights			64,129
9. Assets under installation and under construction			3,789,291
<b>Total Fixed assets</b>			<b>1,080,422,005</b>

### 1.12.2 Intangible Assets

As at December 2022, intangible assets of the Group are as follows:-

Type of assets	Net Book Value (Baht)
Computer program	44,361
<b>Total Intangible Assets</b>	<b>44,361</b>



## 1.13 Shareholders

**1.13.1** As at 8 April 2022, the top ten major shareholders list are as follows:

No.	Shareholder's Name	No. of Shares	Percentage of Paid-up Capital
1	Lam Soon (Thailand) Plc.*	226,715,110	69.96
2	Wattanachote Co., Ltd.	18,458,100	5.70
3	Mr. Suwit Laohapolwattana	15,623,400	4.82
4	Mr. Somkiat Peetakanonda	5,428,000	1.68
5	Wattanasophonpanich Co., Ltd.	3,621,000	1.12
6	Mr. Thammanoon Sahadithdamrong	3,549,400	1.10
7	Ms. Duangkamol Thanitsaranont	2,400,000	0.74
8	GreenSpot Co., Ltd.	2,365,000	0.73
9	Mr. Chawalit Tsao	2,295,800	0.71
10	Mrs. Nancy Chalermkanjana	2,050,000	0.63

Source: Thailand Securities Depository Co., Ltd.

**\* Shareholder Structure and Business of Lam Soon (Thailand) Plc.**

Lam Soon (Thailand) Plc. as the major shareholder involves in the determination of the Company's business policies and nominates its 4 representatives to be the Company's Directors including one for Executive Director, two for Directors, and one for Managing Director

**1.13.2** As at 8 April 2022, shareholders holding not less than 10% of Lam Soon (Thailand) Plc. are as follows:

No.	Shareholder's Name	Percentage of Paid-up Capital
1	Lam Soon Holding Co., Ltd.**	42.11
2	Hap Seng Consolidated Berhad	20.00

Source: Thailand Securities Depository Co., Ltd.

- Nature of Business: a manufacturer and distributor of vegetable oil products, margarine and shortening.

\*\* Shareholder Structure and Business of Lam Soon Holding Co., Ltd

**1.13.3** As at 31 December 2022, shareholders holding not less than 10% of Lam Soon Holding Co., Ltd. are as follows:

No.	Shareholder's Name	Percentage of Paid-up Capital
1	Bangkok Edible Oil Co., Ltd. (Bangkok Edible Oil Co., Ltd. is an investment holding company in which 49 percent of shares are held by Mr. Whang Shang Ying.)	50.00
2	Mr. Whang Shang Ying (Mr. Whang Shang Ying does not own any shares in LST)	49.00

- Nature of Business: a holding company established to invest in other companies.

#### 1.13.4 Registered and Paid-Up Capital

The Company was listed in the Stock Exchange of Thailand (SET) on 30 April 1991 under stock symbol "UPOIC", and transformed to public limited company on 28 May 1993.

As at 31 December 2022, the Company had the registered and paid-up capital amounting to 324,050,000 Baht with outstanding common shares at 324,050,000 shares (par value of 1 Baht).

#### 1.13.5 Dividend Payout Policy of the Company, Subsidiary, and Joint Venture

With effect from 1993, the Company has a policy of paying approximately 50% of net profit after tax as dividend, subject to prevailing economic situation and capital expenditure requirements.

The Board of Directors resolved to pay dividend for 2022 from the operating result at the rate of 0.45 Baht per share representing 52.45% of net profit after tax, which would be later proposed to AGM for approval, compared with that of previous year at 0.50 Baht per share representing 53.79% of net profit in 2021.

For its subsidiary and the joint venture, as no dividend payout policy has been determined, dividend is paid based on its financial performance and cash flow.

## 2. **Risk Management**

### **2.1 Risk Management Committee**

The Board of Directors realized the importance of the Risk Management. Therefore, in 2017, the Board approved to formalize the Risk Management Committee. Duties and responsibilities of the Risk Management Committee were presented under **“Corporate Governance”**.

The policy is established to determine the risk management as a part of the Company’s management so that the objectives, goals, and strategic plans of the Company can be achieved as set. The Management and every employee own the risk, then are required to evaluate the risk in every working unit and work process, assess the efficiency and existing control measure, and propose plan and method to reduce risk.

### **2.2 Control System of Utilizing Insider Information**

The following policy and guidelines of the Company prevents the Executives from utilizing insider information of the Company for personal gain:

- (1) Directors and Executives are obliged to report to the Board on each person’s securities holding and the holding of securities in the Company by his spouse and minor children. This includes penalty provisions under the Securities and Exchange Act B.E. 2535 and the regulations of the Stock Exchange of Thailand.
- (2) Executives are obliged to report their holdings of securities in the Company to the Board in every quarter on which the Board meeting is called.
- (3) Material insider information of the Company should not be revealed to others. This includes impacts on the Company’s securities, and the penalty provisions of a law that the Executives may face according to the Securities and Exchange Act B.E. 2535, as a result of their violation.
- (4) Directors and Executives are prohibited from trading in the Company’s shares one month prior to the Company’s financial statements being announced and at least one day after the date of financial statements being disclosed.
- (5) Directors and Executives shall report to the Board of Directors or the delegated person all of their securities trading at least one day in advance in order to notify SEC within three business day after transaction date as specified by the Securities and Exchange Act.

The Company has established the measures to mitigate risk of using inside information including the penalties for violator stated under **“Corporate Governance”**

## 2.3 Corporate Risk Factors

### 2.3.1 Risk from Government Policy: More than 50% of Oil Palm Planted Areas Belong to State Owned Land

Approximately 15,103.69 rai composed of Khiansa estate 8,588.69 rai and Chaiburi estate 6,515 rai, are held by two subsidiaries which represent 52.8% of the total planted areas of the Company and its subsidiaries.

(a) Khiansa Estate had been given permission from the Treasury Department to lease 4,294.34 rai of the State Property for a period of 30 years from 9 July 2014 to 8 July 2044.

For the other 4,294.34 rai, the Treasury Department will allocate to poor people who own no land at the rate of 10 rai/person. Pending such allocation, the Treasury Department granted the subsidiary to exploit the land and pay the determined rental fee.

(b) Chaiburi Estate is currently under renewal request for a permit to exploit the area of 6,515 rai. In case, Chaiburi cannot get the permit, the Company has to buy a higher proportion of FFB from outside sources and may face increased raw materials cost as a result.

During the consideration period, the subsidiary was granted permission to gather forest product in the National Reserved Forest upon the obligation to pay official royalty fees at the rate of 10% of market price of oil palm and forest maintenance fees at a double rate of the official royalty fee. Permission was granted since 27 April 2015 which can be renewed on yearly basis.

### 2.3.2 Strategic Risk: Palm Oil Price Volatility

Being a commodity, the price of CPO is highly volatile. In some periods, there is a shortage while in other years there is an oversupply. The monthly average price of CPO in 2022 ranged between 31.35 – 56.52 Baht/Kg (2021: 32.07 – 46.76 Baht/Kg). The annual average CPO price was 43.59 Baht/Kg., a 14.73% increase from 2021, compared with the average price in global market at 41.64 Baht/Kg. The high volatility of local price during the year is exacerbated by inadequate inventory management. Besides, the peak season of palm crop delivers abundant output leading to accumulated CPO stock balance which normally push the prices of FFB and CPO down sharply. Such circumstance may lead to price intervention introduced by the Government.

### **2.3.3 Uncontrollable Risk: Climate**

Because the major raw material of the Company comes from agricultural product, its future financial performance is to a large extent dependent on uncontrollable factors such as weather condition, rainfall level, and the quantity of Fresh Fruit Bunch (FFB) harvested in Thailand in each season. Recently there have been fluctuations in weather phenomenon that is very uncommon. Heavy flooding in some years and severe drought in others have increased the volatility in output each year or during the year, leading to government intervention.

### **2.3.4 Management Risk: Excess Capacity of CPO Crushing Mills**

At present, there are approximately 129 CPO crushing mills (of which only 109 mills are still in operation), most of which are located in Surat Thani, Krabi, Chumporn provinces, giving rise to a combined Fresh Fruit Bunch (FFB) processing capacity of 30 – 35 million MT per year. Therefore, there is a mismatch between such overall high processing capacity and FFB output in 2022 at 19 million MT from 6.2 million rai of mature growing area. Utilization of milling capacity is around 63% leading to competition in the buying of FFB and high prices, irrespective of quality.

### **2.3.5 Management Risk: Selling of CPO to Major Customer**

In 2021 and 2022, the Company sold 82.17% and 68.50% respectively of its products to one major customer, namely Lam Soon (Thailand) Plc. (LST), who is the Company's major shareholder. This constitutes a risk of over reliance on a single major customer. However, effective 1 June 2022, Ms. Anchalee Suebchantasiri resigned as Managing Director of Lam Soon (Thailand) PCL. And was appointed UPOIC's managing director; therefore, the transaction with Lam Soon (Thailand) PCL and UPOIC is independent.

### **2.3.6 Management Risk: Major Shareholder Holds More Than 50% of Paid-Up Capital**

Lam Soon (Thailand) Public Company Limited (LST) currently holds 69.96% of the Company's paid-up capital. As a consequence, it deems that LST has the control power over the Company's policy, including over the general management. Further, having the same Managing Director might lead to the conflict of interests between the two companies arisen from the connected business transactions.

Nevertheless, since 1<sup>st</sup> June 2023, there are independent management of both companies because of the new appointment managing directors of LST apart from UPOIC.

In addition, the said transactions as well as the transactions corresponding to the rules and regulations of the SET regarding related transactions are also mentioned and declared in item 6 of the Notes to financial statements.



### 3. Business Sustainability Development

#### 3.1 Policy and Goals to attain Sustainability Management

United Palm Oil Industry Public Company Limited (UPOIC) intends to perform business under environmental governance, efficiently utilize local resources, consider human rights, and promote strong economic and community development. The aim is to deliver the value of crude palm oil and crude palm kernel oil, which are constantly used in food and energy Industry.

The Company takes entire policies and guidelines to disclose on its website ([www.upoic.co.th](http://www.upoic.co.th)) for investors to understand and use as a guide for further tracking the direction of business operations.

UPOIC uses international standard certification to drive business on management efficiency and effectiveness through an annual assessment of external auditors to confirm that the company has performed business under laws without environmental and surrounding communities impacts and such as roundtable sustainable palm oil (RSPO), quality management standard (ISO 9001:2015), environmental management standard (ISO 14001:2015), safety and occupational management standard (ISO 45001:2018), etc.

#### *Who is UPOIC?*

The company supplies premium crude palm oil to consumers under the commitment to sustain resources, the environment, and all stakeholders' awareness.

#### **Sustainable Management Goal**

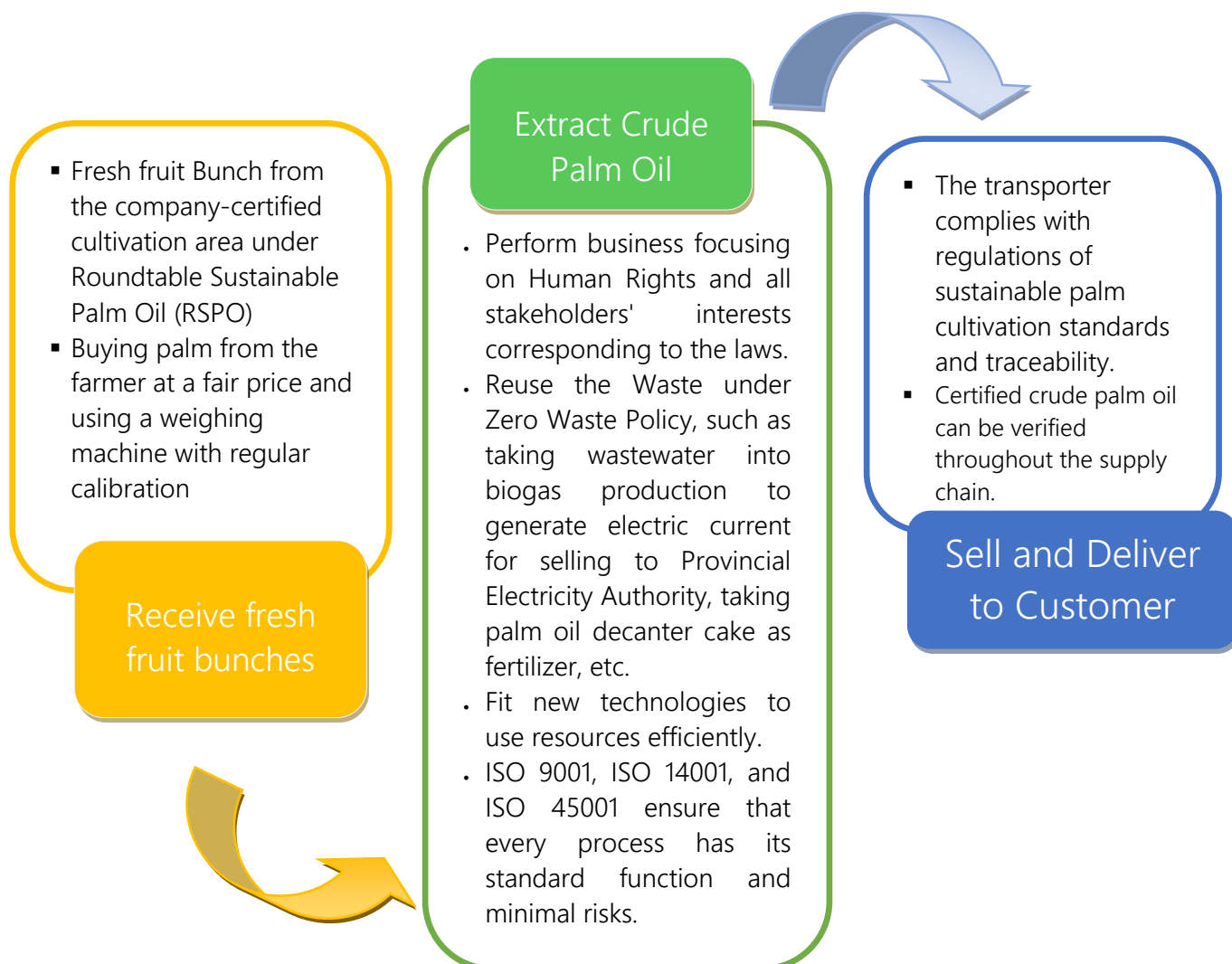
**"Enhance your Valuable products with our Sustainable palm oil"**



## General Crude Palm Oil Production Process



## Value Chain in Palm Oil Business





### The direction of Environmental Strategies

Commit to improving waste management to create environmental values

- Build confidence in the community by fully complying with laws and communicating information via various channels
- Reuse waste at most, as well as comply with laws regarding industrial waste management

### The direction of Social Strategies

Commit to building relationships and stakeholder engagement

- The transporter and the Company shall not violate the labor rights
- The Company coexists with the community and mutually uses the resources effectively

### The direction of Business Governance Strategies

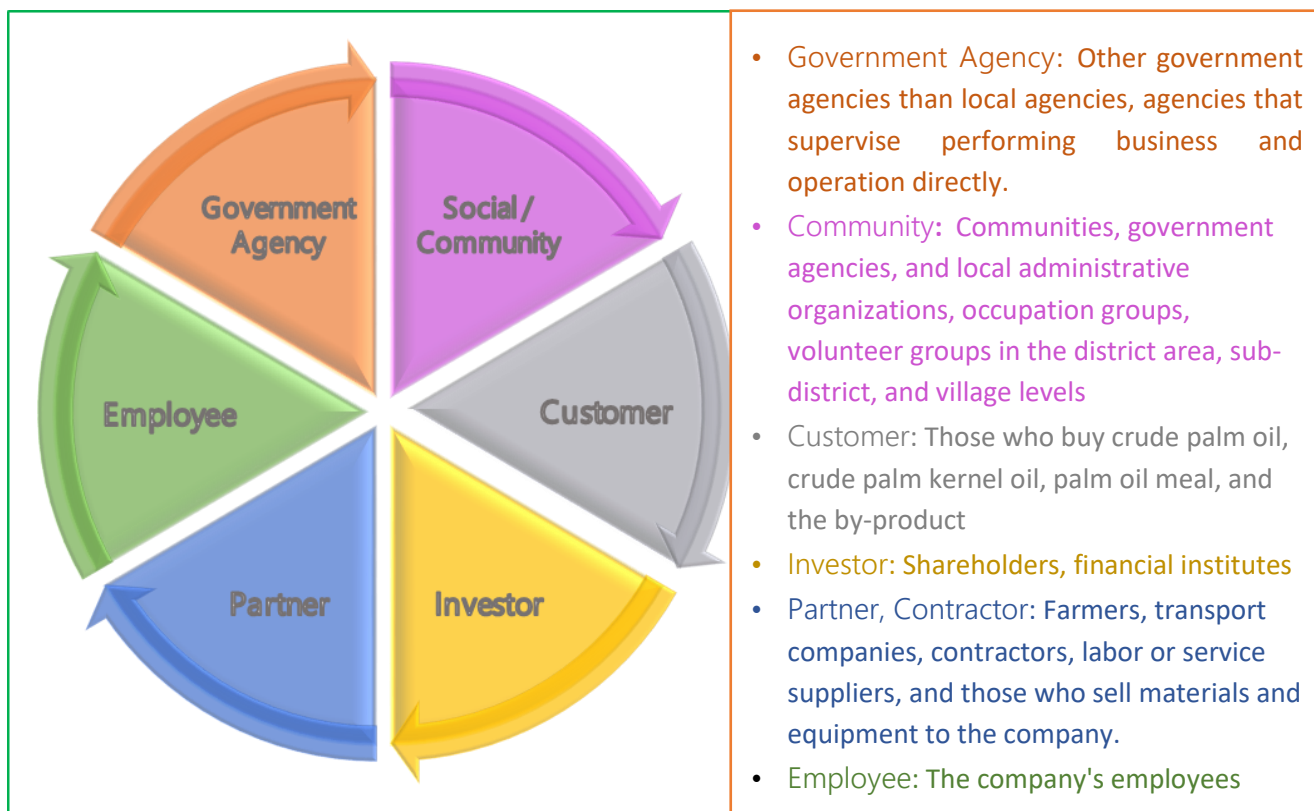
Promote and improve the organization to international standards

- The Company can comply with relevant laws fully and correctly
- There is a monitoring system for practical supervising activities resulting in the highest interest to stakeholders

## 3.2 Stakeholder Analysis in Business Chain

### 3.2.1 Business Chain Analysis

UPOIC has divided stakeholders into six groups and performs relationship-building activities for stakeholders.





## Relationship-Building Activities with Stakeholders

*UPOIC* has surveyed stakeholders' opinions inclusively ( Stakeholder Inclusiveness) every year to collect thoughts towards the Company's sustainability development through interviews and questionnaires. The outcomes obtained from stakeholder engagement are a key factor of consideration for prioritizing and improving the Company's management. In 2022, issues and information for implementation obtained from a survey were as follows:

Stakeholders	Channels	Expectations/Opinions of Stakeholders	Performance in 2022
1. Government Agency	<ul style="list-style-type: none"> <li>• Case Conference</li> <li>• Reporting to government agencies</li> <li>• Government project participation</li> </ul>	<ul style="list-style-type: none"> <li>• Notifying information quickly when there is an emergency situation</li> <li>• Fully cooperate in promoting projects under the government's activities</li> <li>• Mutual assessment of the situation and impact to prevent and solve problems before the condition will further affect broadly</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with laws related to business operations strictly</li> <li>• Discuss and communicate with government officers and local government agencies to build the understanding</li> <li>• Perform activities for making participation with government and government sector agencies 11 times</li> </ul>
2. Social / Community	<ul style="list-style-type: none"> <li>• Monthly conference if local administrative organization</li> <li>• Hearing opinion</li> <li>• Projects for community and social</li> <li>• Complaints via the Company's representatives/ employees</li> </ul>	<ul style="list-style-type: none"> <li>• Effective communication channels to receive information from the Company and community</li> <li>• Building an understanding of the purposes of the Company's activities to have a community development plan mutually</li> </ul>	<ul style="list-style-type: none"> <li>• The Company proceeds via various channels regularly.</li> <li>• Develop projects for social to correspond to the Company's strategies and needs of stakeholders in community and social</li> <li>• Perform a total of 13 activities with community and social for totally</li> </ul>
3. Customer	<ul style="list-style-type: none"> <li>• Communication via direct and online channels</li> <li>• Complaints via the Company's representatives/employees</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of quality products at a scheduled plan</li> <li>• Delivery of a product's quantity as customer's request</li> <li>• Build confidence in the production process for customer</li> <li>• Communicate to the customer effectively and promptly</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor and solve problems received the complaint from the customer</li> <li>• The annual average satisfaction score for 2022 is 91 percent</li> </ul>
4. Shareholders and Financial Institutes	<ul style="list-style-type: none"> <li>• Annual general meeting of shareholders</li> <li>• Shareholder and Investor Meet Activity</li> <li>• Complaint via website</li> </ul>	<ul style="list-style-type: none"> <li>• Business growth and fair returns</li> <li>• Receiving correct, complete, and on-time information</li> </ul>	<ul style="list-style-type: none"> <li>• Held shareholder meetings for one time a year</li> <li>• Attend Opportunity Day for one time a year</li> <li>• Giving information to investors via online/electronic media/mobile channels</li> </ul>

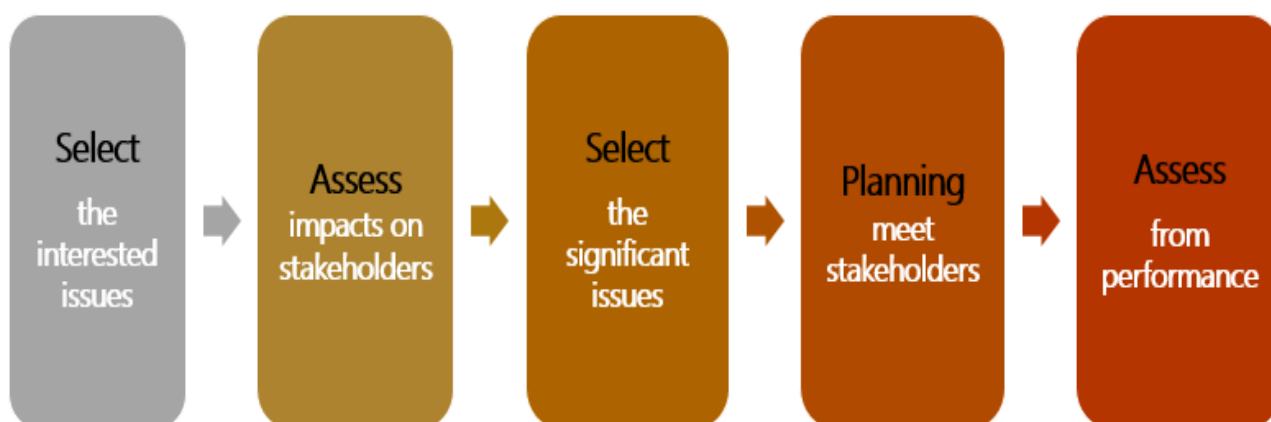
Stakeholders	Channels	Expectations/Opinions of Stakeholders	Performance in 2022
5. Partner/Contractor	<ul style="list-style-type: none"> <li>• The meeting and training with the contractor and oil transporter before working</li> <li>• Meet to educate material deliverer to deliver quality materials</li> <li>• Complaints via the Company's</li> </ul>	<ul style="list-style-type: none"> <li>• Communication of policy, standard systems, and working procedures, as well as information inquiry channels</li> <li>• Fair treatment and mutual development partner for sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Preparation of agreements such as fresh fruit bunches deliverer agreement, agreement of crude palm oil transporter, contractor agreement</li> <li>• Giving assistance on ATK test for contractors who work in the area or as requested</li> <li>• Opening to offer tender</li> </ul>
6. Employee	<ul style="list-style-type: none"> <li>• Activities for building organizational commitment</li> <li>• Training on work and the Company's standard systems</li> <li>• Communication via electronic media and online systems regularly</li> <li>• Complaint under human resource management policy</li> </ul>	<ul style="list-style-type: none"> <li>• Build organizational commitment, and encourage employees to work effectively by               <ul style="list-style-type: none"> <li>○ Communication of policy, organization's direction, as well as topics that are important to the employees and key channels for allowing employees to express their creative opinions</li> <li>○ Promote activities that respect the differences of race, religion, belief, and local tradition</li> </ul> </li> <li>• Employees have physical and mental safety to be able to work effectively by               <ul style="list-style-type: none"> <li>○ Give information and closely publicize the situation of the COVID-19 pandemic</li> <li>○ Reduce the risks of infection and pandemic corresponding to the new normal working</li> <li>○ Perform COVID-19 screen to save employees</li> <li>○ Protect and take care of employees to ensure that there is safety in mutual work</li> <li>○ Express awareness and promote employees to monitor and protect themselves from the risks of COVID-19 infection</li> <li>○ Prevent corruption or report misconducted action affecting stakeholders</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Adjust activity format to correspond to the current situation and new normal working such as new year party, granting scholarships, and making merit for the Company</li> <li>• Policy for taking care of physical and mental health of employees to come up with confidence in mutual working safely, and organizational commitment</li> <li>• Take care and assist employees with underlying severe diseases that resulted in disability but recovery to be normal, as well as tracking the compensation for loss of income for employees in illness or recovery period</li> <li>• Comply with COVID-19 Prevention Measures strictly as per the announcement of the Ministry of Public Health               <ul style="list-style-type: none"> <li>○ Give information and monitor the COVID-19 pandemic situation closely, give advice, and communicate to the employees constantly via electronic channel</li> <li>○ Provide sufficient vaccine to employees and supervise the employees to get the vaccine when it is due for vaccination</li> <li>○ Provide the COVID-19 mobile testing for employees who are risk group and employees who are owed the quarantine period</li> <li>○ Order the employees to Work From Home to reduce the employee quantity in the working area of each area when a high-risk person is found</li> </ul> </li> </ul>

### 3.2.2 Assessment of Key Sustainability Issues

*UPOIC* has taken key organization-level issues that the Company is interested in to analyze and determine stakeholder expectations, including three dimensions, namely environment, social, and business governance, as follows:



The business value chain of the Company represents the relationship of key stakeholders in activities related to business operations from upstream to downstream, reflecting that the Company intends to create value and promote quality materials to produce goods and services that meet the stakeholder's expectation.



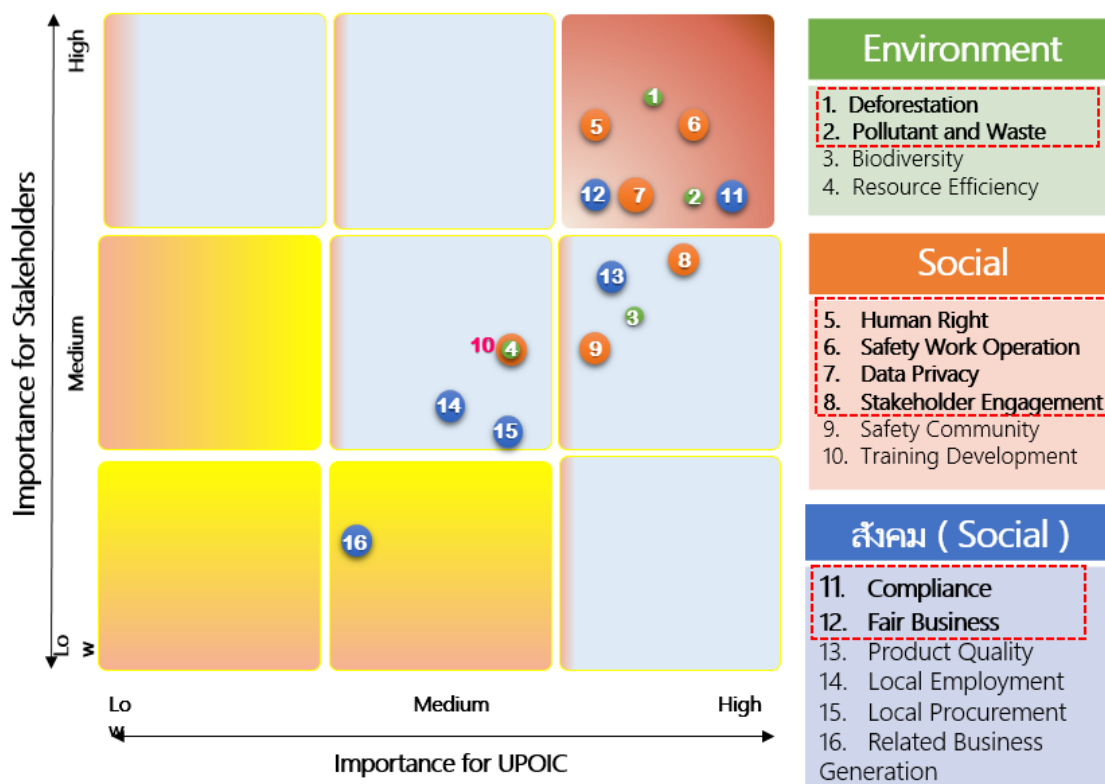


Sustainable Topic		Impacted Stakeholders				
Main Topic	Sub topic	Employee	Supplier	Customer	Community	Government Agency
ENVIRONMENT						
Pollutant and Emission		●		●	●	●
Resource Efficiency		●	●	●	●	●
Biodiversity				●	●	●
Deforestation		●		●	●	●
SOCIAL						
Employee Wellness	Compensation	●		●		●
	Training and Development	●		●		●
Safety and Occupational	Work Operation	●	●	●	●	●
	Community	●	●	●	●	●
Personal Data Privacy		●	●	●	●	●
Human Rights		●	●	●	●	●
Public Relation		●	●		●	●
GOVERNANCE						
Law Compliance		●	●	●	●	●
Fair Business		●	●	●	●	●
Product Quality		●		●		●
Local Economic Development	Local Employment	●			●	
	Local Procurement		●		●	
	Related Business Generation	●	●		●	●

Note: ● Low Impact ● Medium Impact ● High Impact

When a stakeholder is vital to business operation, determining issues that may affect and are the expectation towards business included economic, social, and environmental dimensions and ensuring that estimated or assessed issues related to stakeholders are not solely from the organization. However, tools for planning stakeholder engagement may be designed systematically by specifying engagement goals. After the Company acknowledges stakeholders' **impacts/expectations** that may influence business operations, it should analyze continuously to determine how much the **priority levels of the issues** affect the Company and use a chart for **prioritizing and comparing priorities** of issues influenced by stakeholders simultaneously.

Stakeholders that the Company shall rely on and rely on at a high level, as well as a group that shall watch for, should be classified in the "highest importance" and the "manage closely" because this group may significantly affect the Company. In addition, the priority of stakeholders' issues shall also be prioritized due to the priority level of issues playing an important role in determining how intensely or quickly the Company should respond to the problems.



### 3.2.3 Improvement of Issues with Strategic Importance

The Company has taken the Sustainability issue, an issue with the first strategic importance, to drive the business



Material Topic	Current Situation	Expected Futures	Key Success
Deforestation	<ul style="list-style-type: none"> <li>The customer needs a guideline and operation regarding deforestation concretely and clearly</li> </ul>	<ul style="list-style-type: none"> <li>Fully perform activities as per international practices</li> </ul>	RSPO system
Pollutant and Waste Management	<ul style="list-style-type: none"> <li>Pollutant contents emitted from the company activities, such as greenhouse gases, air pollutants</li> <li>The community lacks confidence or awareness of the impact of the Company's activities, bothering and causing a trouble</li> </ul>	<ul style="list-style-type: none"> <li>Reduce pollutant emission</li> <li>Build confidence in the community through law compliance fully and communicate information to the community via various channels</li> <li>Reuse waste at most as well as law compliance regarding industrial waste management</li> </ul>	<ul style="list-style-type: none"> <li>RSPO system</li> <li>ISO 14001</li> <li>ISO 45001</li> <li>CDM</li> <li>Green Industry</li> <li>Community Engagement</li> </ul>
Human Rights	<ul style="list-style-type: none"> <li>Employees may be violated their rights due to their unknown rights</li> <li>FFB deliverer and Company use agricultural labor, which risks violation of human rights</li> <li>Some activities may infringe on the community's right to mutual resource utilization</li> </ul>	<ul style="list-style-type: none"> <li>No employee violated the human rights</li> <li>Deliverer and Company shall not have the violation of labor rights</li> <li>The Company must be able to live with the community and mutually utilize resources effectively</li> </ul>	<ul style="list-style-type: none"> <li>Farmer registration form</li> <li>RSPO system</li> <li>CSR</li> <li>Community Engagement</li> </ul>
Safety Work Operation	<ul style="list-style-type: none"> <li>Accident at work of an employee</li> </ul>	<ul style="list-style-type: none"> <li>Zero accidents at work</li> </ul>	<ul style="list-style-type: none"> <li>ISO 45001</li> <li>RSPO system</li> </ul>
Personal Data Privacy	<ul style="list-style-type: none"> <li>New laws that have just been enforced may be unable to implement comprehensively or correctly</li> </ul>	<ul style="list-style-type: none"> <li>It can be adapted to the entire organization correctly and properly</li> </ul>	<ul style="list-style-type: none"> <li>RSPO system</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>New laws</li> <li>An employee does not understand the laws that should know</li> </ul>	<ul style="list-style-type: none"> <li>Company and employees can comply with laws fully and correctly</li> </ul>	<ul style="list-style-type: none"> <li>RSPO system</li> <li>Training &amp; communication</li> </ul>
Fair Business	<ul style="list-style-type: none"> <li>Need to build confidence in stakeholders that the Company performs business with good governance</li> </ul>	<ul style="list-style-type: none"> <li>All parties, as well as business partners, get priorities equally</li> </ul>	<ul style="list-style-type: none"> <li>RSPO system</li> </ul>

### 3.2.4 Taking Key Success to Design Sustainability Strategy

UPOIC realizes the assessment of Key Success to correspond to international standards and practices for the management system that the Company is implementing, including all dimensions of sustainability (considering dimensions of conservation and environmental impact reduction, coexistence in social considering human rights, and usage of good governance in business operation).

From the sustainability mentioned above strategy, the Company has designed the work plans and projects on sustainability that respond to success indicators and goals of each method and determined indexes indicating the process to evaluate and communicate to stakeholders towards the same goals.



### 3.3 Sustainability Strategy Management



In order to represent the commitment, the company has taken the sustainability strategy to determine the work plan of each project in order to monitor and assess the activity progress.



## ❖ Deforestation

Anti-palm oil business trend is arising because of its poor image of deforestation, environment invasion, and forest burning, leading to direct loss of wildlife habitat. Building an understanding to the customer that the products are not from natural degradation is considered as adding the value of goods well. Since 2015, major palm oil importers, e.g., Belgium, France, England, Netherlands, Sweden, and Denmark, announced a collective commitment to import only palm oil through passed sustain production process, however, to build the confidence of non-environment and social impacts from palm cultivation and crude palm oil production.

*UPOIC*, therefore, has asked for certification of the palm cultivation standard system, a global international standard system established by committees from 7 sectors comprising farmers, oil palm growers, palm oil extract mills, palm oil traders, goods manufacturers, investors, and Social Non-governmental organizations. There are three main issues of regulation in the main principle as follows:

Prosperity	People	Planet
<ul style="list-style-type: none"> <li>• Transparency</li> <li>• Law compliance</li> <li>• Quality and quantity Process</li> </ul>	<ul style="list-style-type: none"> <li>• Respect the community, human rights and benefits related</li> <li>• Support smallholder</li> <li>• Respect the employee rights and employment</li> </ul>	<ul style="list-style-type: none"> <li>• Responsibility to environment ,conservative and biodiversity</li> </ul>

To correspond to the mentioned standard system in transparency and ethics of operation, the Company shall show the possessions right that it is not in the forest or illegal area. It shall be audited randomly by an external auditor and specified in the Audit Summary Report, which will appear in the Certified Grower part and shown on the website of Roundtable on Sustainable Palm Oil ([www.rspo.org](http://www.rspo.org)). For any land in the court's consideration process, it will display information and progress in the Company's annual registration statement 2022 without concealing the info anyway.



Initially, sustainable palm cultivation-related activities started from UPOIC hired experts from Wild Asia to assess the High Conservation Value, such as endangered or rare wildlife or plants, etc., in the Company's plantations since May 2014. Still, there was no item within the scope of the High Conservation Value because the Company has planted palm trees since 1978 by purchasing land from villagers and did not invade or clear new areas.

In addition, to comply with labor regulations, the Company focuses on human rights, which will be discussed in the social dimension of this report.

Therefore, the environmental dimension will have regulations related to prominent management, e.g.

- No-Burn Policy: There must not be burning in the area. If there is a burning in the certified or nearby area, the satellite will detect the hotspot and email the coordinator to report the monitoring. If there is no action within seven days, the Company will withdraw the certification immediately.
- Operations to reduce and control soil surface erosion and soil degradation, such as showing a map specifying the degraded and fragile soil areas and slope area, not expanding palm cultivation area on slope area exceeding the limit, not cultivating palm on the steep area or in peat swamp forest.
- Operation for conserving water and its good quality of surface water and groundwater show that there is a water management plan to promote effective use and prepare reservoir water resources constantly to avoid the impact on other water users in the same catchment area as follows:
  - a) Allow community members to access the water resource and shall not emit contaminants into the community's water resource.
  - b) Employees have sufficient clean water for consumption, and the Buffer zone along the area shall correspond to the RSPO principle on BMPs for managing and rehabilitating riparian reserves.
- Water resources and wetlands have been protected, maintained, and restored the conditions of the shore properly, and follow-up water has been used to produce fresh fruit bunches.

However, although the regulations are implemented, and there is no forest encroachment, the UPOIC recognizes that green space is currently decreasing due to the expansion of civilization in the area. Aquatic animals in nature have declined due to the increasing population. In 2022, the Company initiated planting trees and releasing herbivorous fish into natural water resources. It is expected that more activities will be carried out in the next year.



### **“INCREASE GREEN SPACE AND BIODIVERSITY”**

Indicator1: Planting trees in vacant area or planting trees together with community for at least once a year

September 20<sup>th</sup>, 2022 – The Company has joined the project with the Krabi Provincial Office of Labor Protection and Welfare to take seedlings such as Mahogany, Iron Wood to plant to increase green space area, starting from the unused area around the residence and expanding to the community in next year.



## “INCREASE GREEN SPACE AND BIODIVERSITY”

Indicator 2: Release herbivorous fish into natural water resources to increase the balance to nature once a year, and at least 100,000 fishes.



**October 12<sup>th</sup>, 2022** - UNITED PALM OIL INDUSTRY PUBLIC COMPANY LIMITED cooperates with local government agencies, community leaders, and villagers in areas to release 100,000 herbivorous fishes into the community's water resources such as Khlong Haeng Reservoir, Khlong Ai Toh Weir, Huay Nam Ron Basin, Huay Wah Basin.

To present as a royal charity on the occasion of the death of His Majesty King Bhumibol Adulyadej The Great



Joint with Krabi Noi Subdistrict Municipality to release fishes at Khlong Haeng Reservoir

Joint with villagers to release fishes at Huay Nam Ron Basin





For Thailand, the 20-Year National Strategy Plan (2017 - 2036) has prescribed strategies for building growth with life quality in an eco-friendly manner, which corresponds to clause 12 of the sustainable development goals of the United Nations on responsible consumption and production plan. The use of Circular economy system design includes three fundamental principles, namely

- 1) Maintain natural capital
- 2) Enhance the effectiveness of resource utilization to get the highest interest by Material-goods circulation
- 3) Reduce waste and negative externalities to the environment at most

*UPOIC* performs activities including the principles as follows:

- **Maintain Natural Capital**

All division of the Company will be monitored and supervised the resource utilization as an indicator of the division as well as control quantity use and prescribe regulations such as turning on the water for a time, turning off the unused light, recording fuel quantity, saving energy campaign, as well as replacement or repairing machinery and used the resources, etc.

In 2022, the Company used newly installed 2 MW steam turbines (approximately 7.65 million baht) and repaired or modified boiler (about 2.5 million baht), reducing the quantity of water and electric use. The operation is suitable for the establishment. It also reduces the government agency's load for supplying electricity or local agencies for seeking water and reduces pumping water from public canal.

**“Reduce Natural Capital”**

Indicator 1: Quantity of water used for production - cubic metre/ ton (<1.3m3/FFB)

Indicator 2: Quantity of electric used for production and expenditures / ton FFB

Indicator 3: Quantity of fuel used / ton FFB

**\*FFB=Fresh Fruit Bunch**

Items	Unit	Year 2022	Year 2021	Year 2020
Water Supply	M3/T.FFB	1.09	1.26	1.39
Electrical utilized	KW/Hr.	853,882.50	2,029,759.50	1,296,294.50
	KW/T.FFB	3.20	7.38	7.22
Electricity charge for mill	Baht	4,346,757.41	8,410,619.75	5,511,377.19
	Baht/T.FFB	16.31	30.27	30.70
Fuel **	Littre/T.FFB	1.43	1.37	2.38

\*\* Fuels are mainly used in Mobile Combustion processes such as transporting crops from plantation to mill and using the loader in the mill to sort out a bunch on the oil palm fruit collection ramp, scoop waste and by-products to load on the truck, and feed fuel to the boiler.

## ● Enhance Effectiveness of Resource Utilization to Get Highest Benefit

In addition to cost-effective resource utilization, waste by-laws, and standards reuse waste from production processes, such as empty fruit bunches and decanter cake, to be fertilizer in oil palm plantations to increase soil organic matter.

Moreover, seeking waste value addition process for the Company and community to promote careers and create income by set as a goal for relevant agencies to recognize the importance of adding value to waste or by-products with complete effectiveness, as well as continuously develop by preparation of projects for electric or heat energy conservation to correspond to laws and also help to utilize the resources worthily at most.

### “Value Added from Waste”

Indicator 1: Income from the electric current distributed from Biogas per quantity of wastewater from production process

Indicator 2: Income from the electric current distributed from Biomass per quantity of fresh palm fruit entered into the production process

Indicator 3: Quantity from by-product distribution accounting for 20 percent of quantity of fresh palm fruit entered into the production process

### Waste and outgrowth

Item	Unit	Year 2022	Year 2021	Year 2020
Waste water volume	M <sup>3</sup>	157,197.49	163,921.53	105,903.04
Electrical selling from biogas	Baht	3,893,571.09*	5,248,759.52	5,339,494.42
Income per Waste water volume	Baht/ M <sup>3</sup>	24.77	32.02	50.42
Electrical selling from biomass	Baht	1,477,255.55**	44.11	557.33
Income per FFB	Baht /T.FFB	5.54	N/A	N/A
Outgrowth selling income	Baht	42,249,548	38,858,897	12,785,733
Income per FFB	Baht /T.FFB	158.57	139.86	73.26

Remark : \* Income of the biogas production system decreased because, at the beginning of the year, the Company has completed the demolition and installation of 2 new gas combustion engines, resulting in the Company's ability to produce electricity for selling in June 2022.

\*\* 2020 -2021: The Company did not sell the electrical from biomass because the steam turbine can generate electricity only for supporting the production process. While in 2022, the Company replaced new steam turbines resulting in the Company being able to produce electricity sufficient for selling to The Provincial Electricity Authority (PEA).

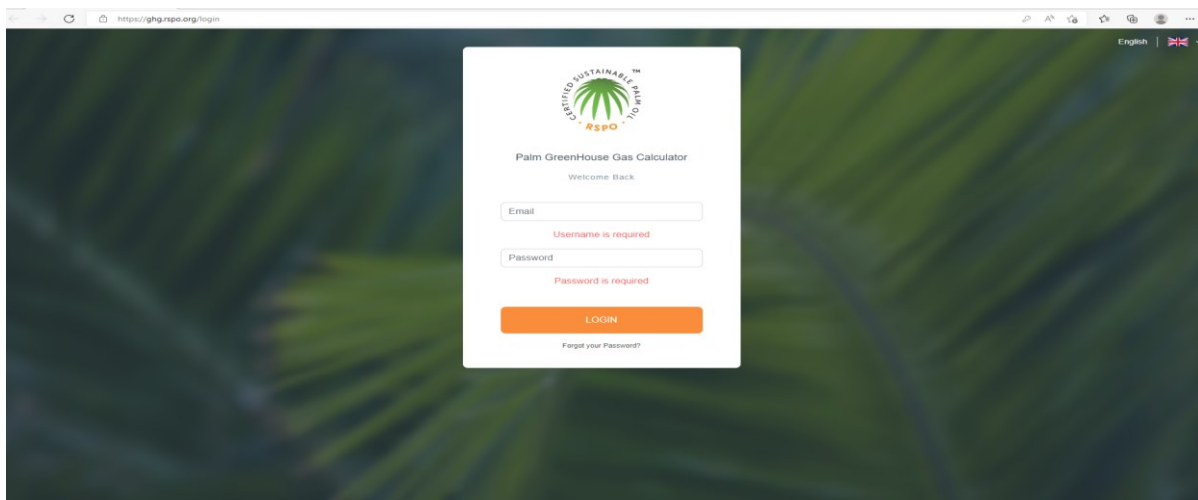


## ● Reduce Negative Impact

With the intention and determination to perform business in parallel with greenhouse gas management and solving global warming problems, corresponding to the world's direction in dealing with climate change, *UPOIC*, therefore, has set goals for reducing greenhouse gas emissions both directly and indirectly as well as a part of the requirements of Roundtable on Sustainable Palm Oil (RSPO) regulated reporting the greenhouse gas emissions through a calculation tool called Palm GHG Calculator which is designed using the guidelines for Life Cycle Assessment (LCA). These guidelines apply the international standards ISO 14040 and 14044 on LCA and are recognized worldwide because of LCA standard provides an internationally standardized framework for assessing the environmental impact of a supply chain; the recommendations of the Intergovernmental Panel on Climate Change (IPCC) therefore, include specific algorithms and GHG emission factor (EF) for calculating the balance of GHGs that are constantly updated and the same standard among oil palm groups around the world.

Currently, the tool is updated in many versions; it has a resolution for recording data and can enter data following the activities of oil palm growers, starting from each palm plot with different ages to the operation of extraction mill and biogas production activities as briefly described as follows:

- ① Screen display for logging in to the program, which is downloaded from the certified body



- ② The report as prepared by company will be audited by Certified Body every year with annual certification which the last audit cycle has been audited by the auditor from BUREAU VERITAS (THAILAND) LIMITED, who passes the training and the registration examination from the agency of standard system directly and also has been random audited by Accredited Body (AB) which has been hired from standard system agency to audit the Certified Body (CB) performance. If there is a violation of audit regulations, Certified Body and those who are certified may be revoked their licenses.

- ③ Internal information shall be filled thoroughly, separating as plantation and mill; from the example is Ban Mark Estate, information that shall be filled in consists of oil palm bunches-receive destination (general extraction mills that buy oil palm bunches / the Company's extraction mill), quantity of yield, palm plot name, planted year, size

of each plot, quantity of each type of used fertilizers, quantity of fuel, soil properties in the area, there is conservative area or not.

The screenshot displays the Rspo dashboard interface. A modal window titled "FFB Supplier Information Form (Mill)" is open, showing fields for Name (Banmark Estate), Association (Own estate/plantation), Company (United Palm Oil Industry PCL), Parent Company (Lamson(Thailand) PCL), RSPO Certified (Yes), and FFB supplied to this Mill (3132). Below the modal, a table lists sources of Fresh Fruit Bunch (FFB) for Banmark Estate, including Chaburi Estate, Khaisa Estate, Khachen Estate, Khaopanom Field, Kohnoi Estate, Krabnoi Estate, Out grower, and Tubpruk Estate. A summary table at the bottom shows the total FFB processed and planted area for Banmark Estate.

Association	No. of Estates/Plantations	FFB Processed (t)	Planted Area (ha)
Own Plantation	8	58,733.97	3,758.28
Group Plantation	0	0.00	0.00
3rd Party	1.00	219,099.14	0.00
<b>Total</b>	<b>9.00</b>	<b>277,833.11</b>	<b>3,758.28</b>

The screenshot displays the Rspo dashboard interface for Banmark Estate (2021 Summary). The "Planting Data" section shows a table with columns for No., Field Id, Year Planted, Land use/land cover type, % peat, % Mineral, Planted Area (ha), Other (ha), Conservation area (ha), Conservation Type, and Total area (ha). The table lists 8 planting records. Below the table, there are input fields for "% Of other land use" (5.5), "User Comment", and summary statistics for Total area, Planted area, Conservation area, and Other area.

No.	Field Id	Year Planted	Land use/land cover type	% peat	% Mineral	Planted Area (ha)	Other (ha)	Conservation area (ha)	Conservation Type	Total area (ha)
1	0101	2001	Oil Palm	0	100	25.76	0	0	Non-Forested	25.76
2	0102	2001	Oil Palm	0	100	40.22	0	0	Non-Forested	40.22
3	0203	2002	Oil Palm	0	100	66.24	0	0	Non-Forested	66.24
4	0204	2002	Oil Palm	0	100	26.9	0	0	Non-Forested	26.9
5	0405	2004	Oil Palm	0	100	32.37	0	0	Non-Forested	32.37
6	0406	2004	Oil Palm	0	100	8.75	0	0	Non-Forested	8.75
7	0708	2007	Oil Palm	0	100	40.65	0	0	Non-Forested	40.65
8	2001.0	2020	Oil Palm	0	100	3.2	0	0	Non-Forested	3.2

Each plantation will have summary page how much quantities of greenhouse gas emission and sequestration.

https://ghg-rpo.org/dashboard/mills/492/assessments/1435/input/mills/17310/summary/calc-sheet/calc-planting

**Emission Calculation Sheet**

Planting Data Fertiliser Fuel Peat Oxidation Crop Sequestration N2O Emission from Peat

Planting Data Statement

Age	Year Planted	Planted Area (ha)	Mineral (ha)	Peat (ha)	Previous LU	Crop Cycle	Default tCO2e/ha	Total tCO2e	tCO2e/yr (planted area)	tCO2e/yr (include other land use)
1	2020	3.2	3.2	0	Oil Palm	25	234.04	748.94	29.96	31.61
14	2007	40.65	40.65	0	Oil Palm	25	234.04	9513.86	380.55	401.48
17	2004	32.37	32.37	0	Oil Palm	25	234.04	7575.98	303.04	319.71
17	2004	8.75	8.75	0	Oil Palm	25	234.04	2047.88	81.92	86.42
19	2002	66.24	66.24	0	Oil Palm	25	234.04	15503.03	620.12	654.23
19	2002	26.9	26.9	0	Oil Palm	25	234.04	6295.77	251.83	265.68
20	2001	25.76	25.76	0	Oil Palm	25	234.04	6028.96	241.16	254.42
20	2001	40.22	40.22	0	Oil Palm	25	234.04	9413.22	376.53	397.24

TOTAL tCO2e/yr (include other land use): 2410.79

When PalmGHG calculation is on 'Full Version'

- LUC emission (tCO2e/yr) = Annual emission from planted area \* emission from other land use - unless user uses custom % value
- LUC emission (tCO2e/yr) = [planted area (ha) \* def carbon stock of previous land cover (tCO2ha/25 years)] \* (1 + 5.5/100) - unless user uses custom % value

Note:

- 1t biomass = 0.5t carbon
- 1t carbon = 4412tCO2e

When PalmGHG calculation is on 'Nov 2005 Version'

- Applicable to planting year before and including 2005, where all planted area is considered to be replanted from oil palm to oil palm.

**Emission Calculation Sheet**

Planting Data Fertiliser Fuel Peat Oxidation Crop Sequestration N2O Emission from Peat

Transport and Manufacture Application Urea

Fertilizer Emission (transport and manufacture)

No	Type	Amount (t/yr)	Origin	Sea Distance (km)	Land Distance (km)	Emission fr. sea transport (kgCO2e/t)	Emission fr. land transport (kgCO2e/t)	Material Emission (kg CO2e/t)	Total Emission (kg CO2e/t)	Total Emission (tCO2e)
1	SOA	74.95		6000	200	106.62	124.80	340.00	571.42	42.31
2	MOP	66.00		6000	200	106.62	124.80	200.00	431.42	28.47
3	DAP	33.95		6000	200	106.62	124.80	460.00	691.42	22.85
4	Kieserite	24.25		6000	200	106.62	124.80	200.00	431.42	10.46

Defaults for 10 straight fertilisers manufacturing are provided in default value tab

- Emission (kgCO2e) = Default emission from manufacture (kgCO2e/t) \* Fertiliser amount (t)

Note: Emission from CO2 fertiliser (estate and final summary) adds up both emission from manufacture of fertiliser and emission from urea.

Sea transport – port of origin to local port (km)

- Sea transport emission = Distance (km) \* Def sea transport (kgCO2e/km)

Default = 0.01777 kg CO2e/km

Road transport – local port to storage facility (km)

- Road transport emission = Distance (km) \* Def road transport (kgCO2e/km) \* 2

Default road transport emission factor = 2/20 \* 3.12

(2/20 : 2 litre of diesel is needed to travel 1 km for 2 tonnes of FFB per trip. Road transport emission factor is 3.12kgCO2e/km)

**Emission Calculation Sheet**

Planting Data Fertiliser Fuel Peat Oxidation Crop Sequestration N2O Emission from Peat

Field Fuel Emission

No	Type	Volume (l/yr)	Emission kgCO2e/l	Total emission tCO2e
1	Diesel	2,600	0.352	0.92
2	Biodiesel	2,482	1.357	3.37
3	Bioethanol	1,066	0.048	0.05
Total				4.34

Fuel Emission (litre/year) = Volume used \* (Emission factor/1000)

Default factor:

- Default emission factor = 3.12
- Petrol emission factor = 2.75
- There is provision for bioethanol and biodiesel use but default has to be user defined as this is based on blend and feedstock

④ The palm oil extraction mill shall also enter data, whether the number of products, oil extraction percentage, quantity of the used electricity, amount of fuel, the exploited and distributed electricity. For the part of farmers who deliver palm bunches from outside will use the Emission Factor according to the reference standards of farmers who grow palm on the southwest coast of Thailand Greenhouse Gas Management Organization (TGO).



**Out grower (2021 Summary)**

FFB 3rd Party Suppliers Planting Data Fertiliser Field Fuel Pest Crop Sequestration Conservation Summary

3rd Party Suppliers 1

Do you have a complete dataset for the 3rd party supplier?

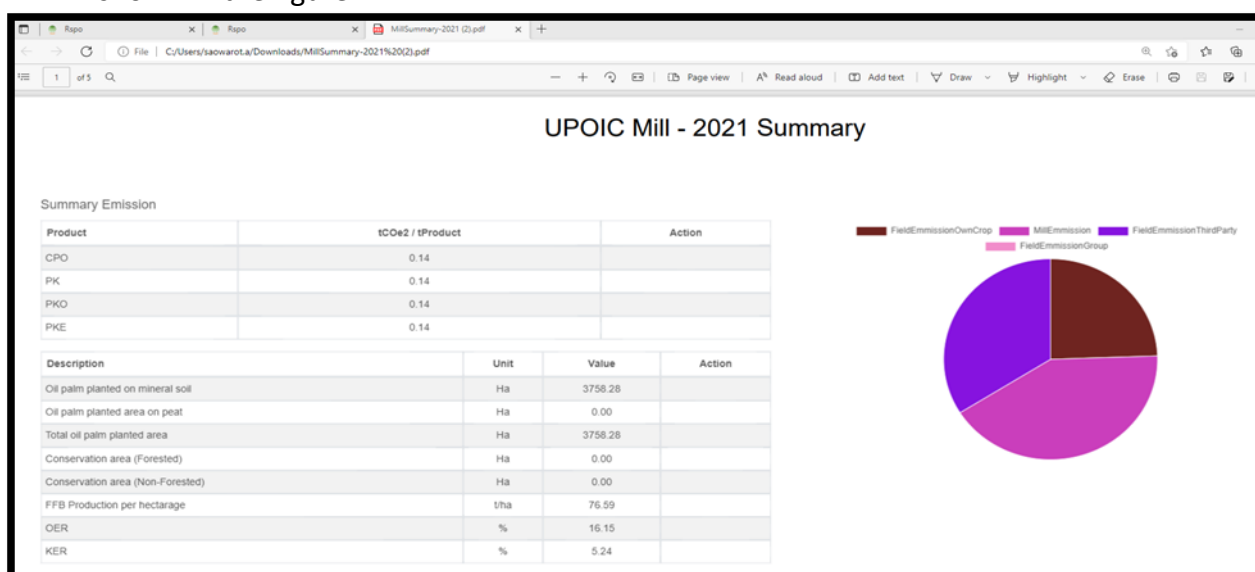
☒ Yes ☐ No

If the completed dataset is unavailable, please fill in the assumed emission values for the 3rd party supplier below.

Estimated CO<sub>2</sub>e/FFB \* 0.0782

Reference / data source \* Thaicarbonlabel.tgo or th/admin/uploadfiles/emission/ts\_2ebb377d.pdf(No.360 for the lower 250 rai estate in lower southern of Thailand)

⑤ Final step: the program will calculate the quantity of greenhouse gas emission of all activities as ton carbon dioxide equivalent (tCO<sub>2</sub>eq) compared to the products shown in the figure.



In addition, a user also can see details of data calculation from the plantation to the extraction mill as well as greenhouse gas emissions from the extraction mill's activities.

**Mill Emission Calculation Sheet**

Part 1: POME Production

No	Description	Unit	values
1	FFB Processed	t/yr	277533.11
2	POME Produced	t/yr	163922

POME volume calculated based on POME/FFB = 0.6225

Part 2b: CH<sub>4</sub> emission (actual)

ID	Description	%	POME to CH <sub>4</sub> ratio	CH <sub>4</sub> emission (t/yr)
1	POME to Anaerobic Pond	0	0.06	0.00
2	POME to Methane Capture (Faring)	0	0.06	0.00
3	POME to Methane Capture (Electricity Generation)	100	0.06	182.07
4	Total	0	0.06	182.07

Assumptions: POME = COD removed = 0.8 + 0.25 + 0.89 = 1.94 (diverted to anaerobic pond/100)  
 Faring: CH<sub>4</sub> = Volume of POME = COD removed = 0.8 + 0.25 + 0.89 = 1.94 (diverted to anaerobic pond/100)  
 Methane capture: CH<sub>4</sub> = Volume of POME = COD removed = 0.8 + 0.25 + 0.89 = 1.94 (diverted to electricity generation/100)  
 Default: Model correction factor for deep region = 0.8  
 CH<sub>4</sub> COD removed during digestion = 0.25  
 Model correction factor for anaerobic = 0.89  
 % CH<sub>4</sub> lost to atmosphere (faring) = 10.8  
 % CH<sub>4</sub> lost to atmosphere (electricity generation) = 10.4

Part 3: POME Emissions

No	Description	POME produced (t/yr)	%	CH <sub>4</sub> emission (t/yr)	GWP(100) of CH <sub>4</sub>	Emissions (CO <sub>2</sub> e/yr)
1	POME emissions	163922.00	100	182.07	22.25	4051.09

⑥ Data of all years will be summarized in APPENDIX 9: GREENHOUSE GAS (GHG) REPORTING SUMMARY of the last audit report (summary data of 2021 will be reported in 2022), which can be read in the part of Certified Grower on [www.Rspo.org](http://www.Rspo.org)

#### “Reduce Greenhouse Gas”

Indicator : Quantity of greenhouse gas emission - tCO<sub>2</sub>eq

In 2020 = 0.16 tCO<sub>2</sub>eq/ tonne crude palm oil, in 2021 = 0.14 tCO<sub>2</sub>eq/ tonne crude palm oil \* the report 2022 will be reviewed by system auditor in June 2023, it is expected that quantity of greenhouse emission will decrease due to reduction of using chemical fertilizers and using waste from production process (reference data from program), however, when calculate only direct and indirect greenhouse gas emission (with out gas removal calculation) and refers the extraction mill's activities from certain program, the quantities of greenhouse gas emission are as follows: in 2020 = 9,151 tCO<sub>2</sub>eq, in 2021 = 23,689.30 tCO<sub>2</sub>eq and in 2022 = 20,181 tCO<sub>2</sub>eq, which the key factors affected gas production are quantity of chemical fertilizer and materials entered into the production process in each year.



# STRIVE

To build relationships and engage  
Of stakeholders

## ➤ Human Rights

UPOIC is an establishment in the area of Surat Thani, and Krabi, and the employees in the region have racial diversity, such as Chinese and Thai, including nearby communities are Buddhist and Islamic coexisted mutually. When there is any activity regarding employees or the community, the Company is ready to support or allow the employee to participate the local festival activity with family or community, such as Chinese New Year, Songkran Festival, The Festival of the Tenth Lunar Month (Sat Duan Sip), Hari Raya, etc. as well as

preparation of the room for prayer and reading Al-Quran in annual merit making for Islamic employee.

The Company's employees are mainly Thai, and transnational migrant labor is Lao (1 employee). The Company has announced policies and practices to respect the difference and equality from the Company's recruitment unspecified gender, age, status, military service status, religious, political opinion, employment of people with disabilities; there is no certain examination of some infectious diseases in annual health check-up of an employee, as well as the Company is responsible for expenses for a pre-employment health check-up every cases.

### “Respect in Difference and Equality”

Indicator:  
Amount of  
events or  
complaints  
from  
employees or  
community

- Since established the establishment to present (2020), there is no any complaint regarding employee's right violation
- The company's employees mainly are Thai and an employee is Lao.



## “Female Labor Promotion”

Indicator 1: Amount of female classified by position level

Indicator 2: Amount of events or complaints

Level	Male	Female	Total
Employee	193	71	264
Executives	5	2	7
Executive Chief	-	1	1

*In 2022, there is no any complaint about sexual harassment and gender equality.*



The Company's female employee is under the female right policy. There is a female committee establishment, maternity rights protection by pregnant employee registration, and transfer position with risk such as an employee who works with a chemical substance, heavy load lifting prohibition, preparation of room and refrigerator for keeping milk. When the Company knows that the employee is pregnant, *UPOIC* does not obstruct the position for females. The Company has female employees from the general employee, supervisor, and executive levels. It is obvious to see from the Company's managing director is female as well.

The company **does not** support exploitation of illegal **child** labor Or **transnational migrant** labor.



## “No Child Labor”

Indicator: Amount of events or complaints

In 2022, there is no any event or exploitation of illegal child

The agriculture-related business mainly risks legal offense for the exploitation of child labor, such as acceptance of child aged under 15 years old to work during school break, giving employment wages to parent instead of child labor, or non-notification of employing or un employing youth labor (15-18 years old) to a government agency.

To support the non-exploitation of child labor, which is the age of learning and having age-appropriate experiences without pushing to become premature labor, *UPOIC*, therefore, announces a policy obviously not to accept children aged under 15 years old and youth aged under 18 years old to work or employ child aged under 15 years old and youth aged under 18 years old in the manner which is within the scope of child labor, as well as communicate and check partner, contractor and material deliverer regularly.





## ➤ Safety Work Operation

### “Treating Labor Fairly and Promoting Safety Work Operation”

Indicator 1: Complaint from employee or government agency regarding exploitation of employee by employer and non-compliance with laws.

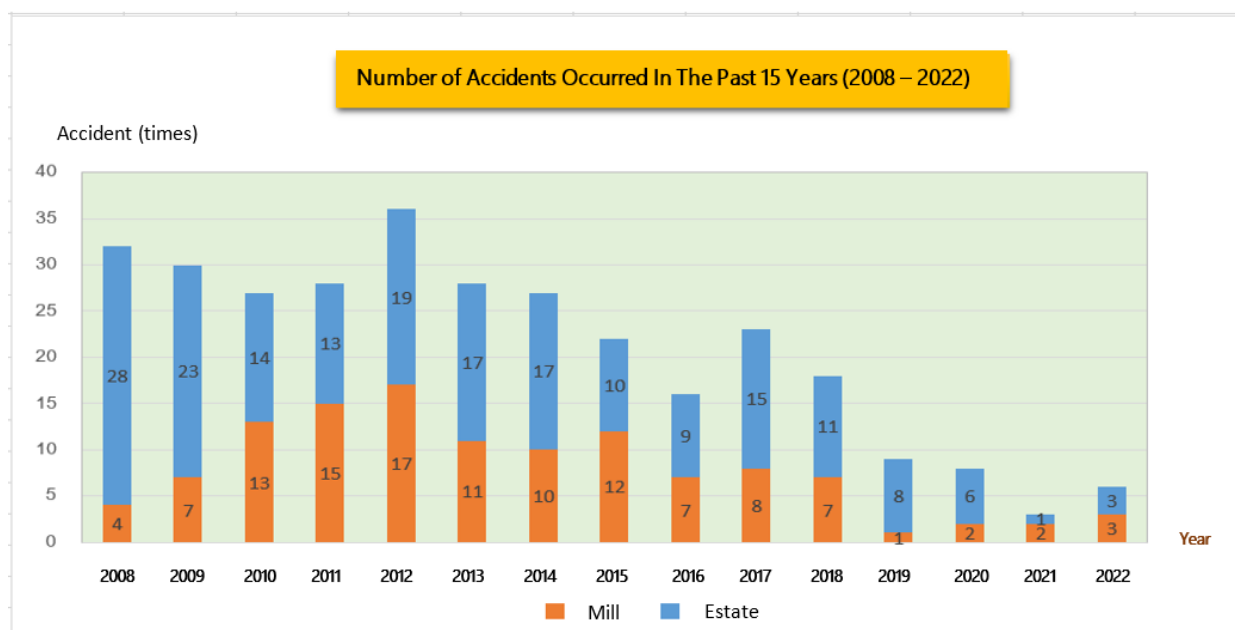
Indicator 2: Amount of accident at work of 200,000 working hours

*In 2022, UPOIC has never been a complaint from an employee or government agency regarding the exploitation of an employee or non-compliance of laws by received the Outstanding Workplace Award for Labor Relations & Welfares of Thailand Labor Management Excellence Award 2017 – present (5 consecutive years)*

The company also consistently pays attention to employees' safety and the working environment. Starting from 2010, the company has requested certification of the establishment of the standard system on safety and occupational hygiene ( OHSAS/IEC 18001:2007) to ensure that the company's operation on safety and occupational hygiene has been performed systematically and audited by external agencies regularly until it is adjusted as ISO 45001:2018.

**Target : Accident = 0 Case**

However, activities in palm plantations and crude palm oil extraction mills remain unable to perform to become zero accidents because of many limitations such as capacity, employee awareness of safety, activities related to the community's utilities, etc. Still, the company does not refrain from the action of security cultural promotion, employee education constantly, and hearing opinions from employees to improve further and develop the company, resulting in the number of company accidents likely to decrease throughout the past 15 years gradually.



### Performance

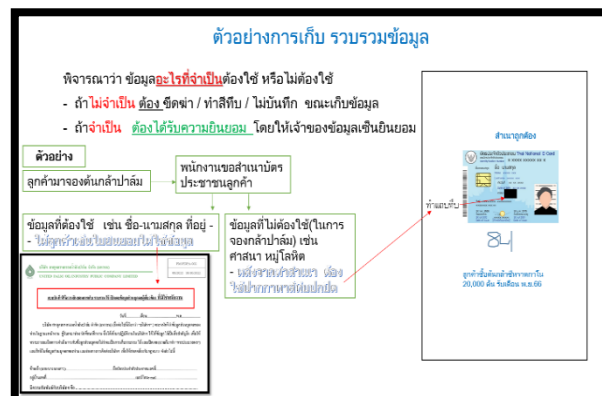
Indicator 1: There is no event or complaint

Indicator 2: Frequency of accidents = 1.72 times /200,000 working hour.

## ➤ Personal Data Protection

Personal Data Protection Act B.E. 2562 (2019) was enforced in June 2022, as a company that distributed a wide range of products to various groups of buyers such as farmers who buy oil palm trees, herdsmen who buy palm oil meal or decanter cakes as well as other companies with activities mutually as a customer and partner, including having interaction in term of job application, being an employee.

The relationships result in the company having a database of general information, and a particular part is sensitive personal data; the company has aware of the importance of the information, therefore, organizes training for those who are concerned to be able always to perform properly and improve computer operating system to be safe and up-to-date



### “Personal Data Protection”

Indicator : Amount of events or complaints

- There is no any event or use of personal data illegally.

## ➤ PROMOTION OF RELATIONSHIP WITH STAKEHOLDERS

The main stakeholders are groups influenced by the Company clearly, including employees, community, and government agencies. It is well known that giving importance to the said stakeholders will result in a good and smooth business operation in order to coexistence by being mutually supportive without a determination as any law or regulation so that both the Company and the stakeholder above groups mutually grow sustainably.



### ❖ For Employee

UPOIC provides a lot more welfare than as prescribed by laws, such as provident fund, diligence allowance, cost of dental care, marriage allowance, funeral benefits for employee's family, get well gift for inpatients, health insurance, group accident insurance, etc. as well as educational support by granting scholarship to the employee's children consecutively for more than 30 years.

### “Good Relationship with Employee”

Indicator: Turn Over Rate =19.2%



### ❖ For Community

Because coexistence with the community is essential to enable to operate of the business smoothly, *UPOIC*, therefore, emphasizes hearing the villager's opinions, cooperation with community activities, sincerely responsible and solving problems quickly in the event of there is an emergency, sharing passageways for communities, including building relationships with nearby villagers and community leaders as well as focusing on recruiting employees from local people to both the company and community can communicate each other conveniently, quickly, and up to date.

In the past 2022, both the plantation and mill have attended to the community's activities with various activities such as giving by-products from mill to villagers for use in mushroom cultivation, taking palm oil meal to research, etc. and, in the future, the company also ready to be a part of performing the community's activities.



Attend Local Festival



Being Place Study Trip

Clean Public Road



Repair Public Road



Attend Government Project

### ❖ For Government Agency

From the COVID-19 pandemic situation in the past two years, *UPOIC* has become a part of supporting government agencies in strict compliance with measures to reduce the pandemic in the company, preventing employees from the transmission of Corona Virus to their families, as well as supporting all employees to get vaccination through all channels, including providing shuttle bus for transporting employees to go to get vaccination on a working day, providing the alternative vaccine for employees who need an alternative vaccine. Although the severity of the disease has decreased, the company remains to try to reduce the number of infected people and inhibit infection in the organization strictly to reduce the hospital and medical personnel's responsibilities.

When the situation is resolved and can organize activities, typically, the company is ready to cooperate for supporting funds or actions as before.

### “Good Relationship with community and government agency”

Indicator 1: Organizing activities a year with stakeholders not less than 10 times

Indicator 2: Total amount spent in project or corporate social responsibility activities



## CSR Activities

### Quarantined Community during COVID-19 Pandemic

From the ongoing COVID-19 pandemic crisis since the end of 2020 to the first quarter of 2022, patients are still being quarantined in medical facilities, isolation centers, or Home Isolation systems.

United Palm Oil Industry Public Company Limited has supported rice, dried food, and drinking water to the community surrounding the extraction mill, e.g., Huay Yoong Sub-district, Khao Phanom Sub-district, or as requested by the government agency.

As well as attending the Bubble and Seal Project by implementing the outbreak protection measure of disease in the establishment strictly to prevent the company from becoming an epidemic source and transmission of infection to a family, such as testing ATK to 100% of employees after New Year Festival, testing ATK to an employee with high risk at home during the quarantine period.

2022

*UPOIC attended corporate social responsibility activities (CSR) with community both plantation and mill total 24 times spending total budget of 264,000 bath taking account into community's needs and local agencies apart of being an establishment focused on recruitment of local people to work in order to be an occupational source and economic-support source for community.*

As well As prepare residences or devices for testing to be reserved residence in case of an epidemic inside the area or a government agency needs additional homes to reduce the government sector's load on taking care of the patient.



Isolation Center (IC) at SAO. Huay Yoong



Support food to Huay Yoong Subdistrict headman for giving to villagers



Food Collection Center at Village No. 1 Khao Phanom



Preparation of company's residence in order to be Isolation



## CSR Activities

### Cooperate with SIAM ELITE PALM COMPANY LIMITED as a place for oil palm study trip

Khanom Gas Separation Plant, PTT Public Company Limited has organized a Khanom District community leader seminar project by taking around 60 attendants consisting of community leaders, chiefs of government agencies, and company employees to visit the company on December 16th, 2022, to build understanding on palm oil production process to expand knowledge for promoting and developing community as well as guidelines of the invention of innovations regarding palm oil production.



## PROMOTE AND ENHANCE ORGANIZATION TOWARDS INTERNATIONAL STANDARDS

While various industries currently are overgrowing. And intensified competition for their business to be a leader in the industry in terms of service or production, to meet the customer's needs to get quality and eco-friendly products, and safe worker.

*UPOIC*, a company-operated agriculture-regarded business, has applied a standard system for a long time, commencing implementation of ISO 9001 in 2003, and gradually has been accredited in other systems throughout the past 20 years.

An important step that caused significant changes in the palm oil industry was in 2012; the Roundtable Sustainable Palm Oil (RSPO) standard system was established for the first time. In Thailand, there was providing knowledge and encouragement to participate in the said traditional system.

The customer strongly opposed palm oil. Because deforestation was for palm oil planting, make wild life had not living area. So UPOIC had long-term global standard system experience, was first accredited RSPO system in Thailand as criteria and principle for large plantation since 2014.

However, changes in trends in the future are more intimate every moment. Amid rapid changes in society, economic conditions, technology, and environmental situations, significantly Growing Sustainability.

When profits no longer represent the success of every organization, people become aware of social problems, whether illegal labor, human rights, safety and occupational hygiene or environmental degradation. It, therefore, urges the company to consider sustainable and eco-friendly management practices such as CSR, Green Supply Chain, and Circular Economy, which require cooperation from all sectors to meet the consumer's needs and sustainable growth or Sustainability.



As well as the Ethical Business Operation which is from social needs to ensure that goods and services in their interest are fair to consumer (Social Trust) without all types of exploitation (Fairness), which should come from business operation with Good Governance and verifiability. It is a drive to cause this trend through the customer's claim, a catalytic reaction that speeds up the entrepreneurs. They must present determination or declaration and call for more robust Ethical Business operations.

Indicator1: Has been accredited sustainability standard system not less than 4 systems.

Indicator2: Receive reward or specific standard certification from government agency not less than 2 items/year





**UPOIC** has been accredited the sustainability standard system as follows:

- **ISO standard system from TUV-NORD**
  - Quality and Service Management (ISO 9001:2015)
  - Environment (ISO14001:2015)
  - Safety (ISO45001:2018)
- **Roundtable Sustainable Palm Oil (RSPO)**
  - Supply Chain Certified (SCC) from TUV-NORD
  - Principle and Criteria (P&C) from Bureau Veritas (Malaysia) Sdn Bhd

Accreditation from the Ministry of Industry and the Ministry of Labor



United Palm Oil Industry Public Company Limited has been accredited from Department of Labor Protection and Welfare from 2017-present (5 consecutive years).



United Palm Oil Industry Public Company Limited received honorable certificate of excellence cooperation and support the government activities from Social Security Office.





We believe that every employee is human capital without depreciation but they have been developed more according to their experiences. That is different from financial capital with devaluation from the decreased value of money by the state of inflation. Therefore, to enhance the working performance more efficiency and safety including the environmental impact elimination. *UPOIC* has prepared practices in training for increasing the skills of employees and emergency drills.

Indicator: The employee's average training hour

Training Hours	2022	2021	2020
Average Training hours/person	13.14	3.94	4.39
Expenses/Baht	219,148	20,413	69,590

\* In 2021, there was lower training hours because of COVID-19 pandemic situation.

Indicator: FFB Supplier who signed in agreement under the Roundtable Sustainable Palm Oil (RSPO)

In 2022, all new FFB suppliers signed the agreement. The company gradually follows to sign in for the remain supplier.

## ❖ SUPPLY CHAIN MANAGEMENT

To present the actions between the company and its partners representing an agreement to deliver raw materials, services, transportation under a collective agreement in compliance of laws in order to prevent any impact on labor, environment and social.

*UPOIC* prepares agreements between the company and its partners as well as audit the activities during delivery process regularly in order to have cooperation of non-violation of laws and human rights.



## 4. Management Discussion and Analysis

### 4.1 Review of operations

#### Estate operations

In 2022, the total volume of own crop was higher than 2021 by 4.5%; FFB from own estates increased by 5.1% and FFB from concession land increased by 3.5%. Although, upkeep cost increased due to fertilizers due to higher price resulting from the Russian-Ukraine war since most fertilizers were produced in Ukraine. As a result, the cost of own crops increased by 13.6%.

The subsidiary's concession area is approximately 15,103 rai. The details are as below:

Location and Land Area	Expiry Date	Remark
1) Khiansa estate 1.1) 4,294 rai  1.2) 4,294 rai	8 July 2044  when the land allocation to poor people is completed	<ul style="list-style-type: none"> <li>The Treasury Department had entered into the lease agreement with the Company's subsidiary for 30 years and is valid from 9 July 2014 to 8 July 2044.</li> <li>The Treasury Department granted the subsidiary the right to exploit the land and pay the determined rental fee until the land allocation is completed.</li> </ul>
2) Chaiburi estate 6,515 rai	11 May 2023	<ul style="list-style-type: none"> <li>The subsidiary's request to the Forest Department to grant a permit to exploit an area is now under consideration.</li> </ul> <p>In the meantime, the subsidiary was given permission to gather forest product in the National Reserved Forest in return for the payment of official royalty fee at the rate of 10% of market price of oil palm and forest maintenance fee at a double rate of official royalty fee. Such permission was granted for a period of one year and is subject to yearly renewal.</p>

#### Mill operations

In 2022, FFB purchased from out-grower decreased by 11.0 because, during the second quarter, the FFB quantity in the market is less compared to the same period last year. The output of FFB crops from own estates increased from the previous year as mentioned. As a consequence, the total volume of FFB processed decreased by 7.3%. The proportion of FFB from outside source and own estate in 2022 were 73.1% and 26.9% of the total volume of FFB (2021: 76.1% and 23.9%).

In 2022, the price of CPO in the international market rose due to Covid-19 epidemic causing a shortage of labour in harvesting. Also, an announcement of Indonesia measures to "suspend" palm oil exports in late April – May 2022. However, the



situations in the 2nd half of the year that affect CPO prices began to improve, causing CPO prices to decline. As a result, the overall FFB price rose year on year in line with the international market. The average cost of FFB processed hence rose by 17.6%. The average selling price of CPO and CPKO increased by 16.4% and 33.0%, respectively. Hence, gross profit of the Company and its subsidiaries decreased by Baht 107.7 million or 30.5%.

The Company and the Joint Venture received promotional privileges from the Board of Investment. Details are as follows:

- (1) *Electricity produced by biomass power plant*, the Company received the BOI Certificate no. 1043(2)/2548, dated 29 November 2007 for electricity produced by biomass power plant at 1.2 Megawatt, the Company is exempt from corporate income tax on the operation for 8 years starting from the first date of realising income since 21 August 2015.
- (2) *Electricity produced by biogas power plant*, which is the company's business, received the promotion certificate No. 65-0092-1-00-1-0 dated January 25, 2022, exemption from corporate income tax on net profits derived from the promoted business for 8 years from the date of first earning revenue from biofuel power generation business 1.904 megawatts, the Company has already exercised such privileges on September 27, 2022.
- (3) *Oil palm seed propagation* of joint venture (Siam Elite Palm Co., Ltd) received the BOI Certificate no. 1262(2)/2550, dated 13 March 2007 for the project of oil palm seed propagation provided exemption of corporate income tax on the operation for 8 years starting from the first date of realising income since 20 February 2014.

## 4.2 Revenues: Sales and other income

Total sales revenue of the Company and its subsidiaries for the year 2022 increased by Baht 163.1 million or 7.9% year on year. This was because of

- (1) Increase in average selling price per unit of CPO and CPKO by 16.4% and 33.0% respectively, due to the rising of CPO price in the international market impacted to domestic CPO price
- (2) Higher sales volume of CPO increased by 2.3%, opposite to CPKO decreased by 49.2%.

Other income for the year 2022 increased by Baht 33.2 million or 42.4% from the year 2021. It was caused by an increase in by-product sales (palm acid oil and carbon credit) of about Baht 11.0 million. In addition, the Company received the compensation from insurance for business interruption insurance from a fire accident in August 2020 amounted to Baht 12.3 million (2021: Baht 7.7 million) together with reversal profit (impairment loss of assets) of Baht 14.5 million.

Profit from fair value changed of biological assets 89.3 million (2021: 25.9 million)



### 4.3 Expenses: Cost of sales and expenses

- (1) Cost of sales in the year 2022 was Baht 1,992.1 million, or Baht 270.8 million or 15.7% higher than the year 2021 due to the average FFB cost increased by 17.6%.
- (2) Selling expenses decreased by Baht 2.2 million from the year 2021 in line with sales volume.
- (3) Administrative expenses increased by Baht 5.9 million from the year 2021 mainly from legal and other service fees.
- (4) The Company realized an impairment loss on the cost of land and net book value of the cost of palm plantation development on the land reform area in the prior year.

### 4.4 Profit: Consolidated profits

From the reasons mentioned above, in 2022 the Company and its subsidiaries had got a lower gross profit of Baht 107.7 million or 30.5%. While, other income, and selling and administrative expenses increased. Furthermore, the Company recorded gain from change in fair value of biological assets from adopting TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant including realized an increase in share profit from investment in Joint Venture. As a consequence, the Company and its subsidiaries recorded an increase in net profit after tax of Baht 10.5 million (2021: net profit after tax of Baht 306.8 million).

### 4.5 Return on shareholders' equity (average)

Return on shareholders' equity (average) decreased from 24.4% in 2021 to 21.8% in 2022 due to higher operating profit and dividend payment. As a result, the increase in equity is higher than the increase in profit.

### 4.6 Dividend payout ratio

In 2022, UPOIC paid dividend out of profit for 2021 at the rate of 0.50 Baht per share in May 2022 (2021: 0.20 Baht per share).

UPOIC has a policy of paying not less than 50% of net profit after tax as dividend.

### 4.7 Book value (weighted average number of ordinary shares)

As at 31 December 2022, the book value per share of the Company and its subsidiaries was 4.73 Baht (weighted average number of shares at 324.05 million shares), or an increase of 11.3% from 4.25 Baht in 2021 (weighted average number of shares at 324.05 million shares) as the result of increase of profit for the year.

## 4.8 Financial position

### 4.8.1 Assets

The Company and its subsidiaries had total assets of Baht 1,765 million, a decrease of Baht 1 million or 0.1% when compared with 2021. Return on assets (average) decreased to 18.0% (2021: 18.9%). The major factors are as follows:

- (1) Trade receivables decreased by Baht 189.9 million as lower sales at the end of period.
- (2) Biological assets increased by Baht 91.2 million from profit from change in fair value.
- (3) Cash and cash equivalents increased by Baht 67.2 million from received payment from accounts receivables.
- (4) Investment in joint venture increased by Baht 35.9 million due to higher profit sharing.

### 4.8.2 The structure of capital

Under the consolidated financial statements as at 31 December 2022, the source of funds comprised Baht 1,532 million from shareholders' equity and Baht 233 million from liabilities, in the ratio of 87%: 13% respectively. Loans from financial institutions amounted to Baht 98 million or 42% of total liabilities, consisted of short-term loan, current portion of long-term loan of Baht 72 million, and long-term loan of Baht 26 million, which the Group has complied with Financial Covenants attached to the loan agreements. The ratio of debt to equity was 0.15 times at the end of 2022 (2021: 0.28 times) due to the increase of total shareholder's equity in 2022 from the increase in profit of the year.

### 4.8.3 Shareholders' equity

The Company and its subsidiaries recorded net profit in 2022 of Baht 317 million. In 2022, the Company paid dividend amounted to Baht 162 million for the fiscal year 2021. As such, the shareholders' equity of the Company and its subsidiaries increased from 2021 by Baht 155 million.

### 4.8.4 Liabilities

The Company and its subsidiaries' liabilities of Baht 233 million comprised current liabilities at Baht 123 million and non-current liabilities at Baht 110 million, a decrease of Baht 156 million from 2021 or 40%. Caused by short term and long-term loans decreased by Baht 105 million and Baht 42 million, respectively.

## 4.9 Financial liquidity

At the end of 2022, the Company and its subsidiaries recorded cash and cash equivalents at Baht 100 million, compared to Baht 33 million at the same period of 2021. The major reasons for the increase of Baht 67 million are as follows:

- (1) Net cash flows from operating activities amounted to Baht 429 million, a year-on-year increase of Baht 340 million. This was derived from the operating profit result as mentioned above, a decrease in trade accounts receivable.
- (2) Net cash flows used in investing activities amounted to Baht 53 million, an increase of Baht 21 million when compared with Baht 32 million used in 2021. This was due to investment in Biogas machinery and equipment.
- (3) Net cash flows used in financial activities amounted to Baht 309 million compared to Baht 65 million in the previous year. This came from dividend payment and loans repayment.

## 4.10 Financial ratios

- (1) The current ratio was 4.7 times, an increase of 2.0 times from the year 2021 due to a decrease of short-term loans.
- (2) The quick ratio was 1.1 times, unchanged from the year 2021.
- (3) The ratio of cash flows from operating activities to current liabilities was 3.5 times, an increase of 3.1 times from the year 2021 due to an increase of cash flows from operating activities as stated above.
- (4) Debt collection period was 22 days (2021: 23 days), which is closed to the year 2021.
- (5) Payment period was 6 days (2021: 6 days), unchanged from the year 2021.

## 4.11 Capital expenditure

- (1) In 2022, the Company invested in new machine and equipment to continuously enhance production efficiency, such as Biogas power plants.
- (2) For future investments, the Company has been exploring advanced technology equipment to replace the old ones, modification of machinery to improve working efficiency.

#### 4.12 Factors or circumstances which might affect financial performance in the future

Because the major raw material of the Company comes from agricultural product, its future financial performance is to a large extent dependent on uncontrollable factors such as weather condition, rainfall level, the quantity of Fresh Fruit Bunch (FFB) harvested in Thailand in each season, and the volatility of palm oil price. Furthermore, the Government continues its policy to support farmers during peak season of FFB, hence creating market distortion. Moreover, there are 109 CPO crushing mills in operation with total capacity utilization at 63%, leading to intense competition in buying FFB, irrespective of quality, resulting in higher cost of sales.

Another crucial factor is the legal tenure of the plantation area, 52.8% of which is State Property. Subsidiaries can obtain the lease for only 15% of the total plantation area while other areas are still undergoing process. In case that the government does not extend the lease, the Company would have less plantation area and be compelled to buy a higher proportion of FFB from outside sources, resulting in higher cost of sales.

Please refer to **Corporate Risk Factors** and **Marketing and Competition** as explained earlier.

## 4.13 Financial Highlights

Name : Mrs. Kunlapee Piyawannasuth  
Certified Public Accountant No. 6137  
Office : EY Office Limited

### (1) Remuneration of statutory auditor (Audit Fee)

The Company and its subsidiaries nominated the same office of the statutory auditor and audit fee was determined as follows:

Audit Fee (Baht)	2021	2022
for the Company	1,030,000	1,080,000
for joint venture (Siam Elite Palm)	315,000	315,000
for three subsidiaries	140,000	140,000
Total	<b>1,485,000</b>	<b>1,535,000</b>

### (2) Non-Audit Fee

Apart from the Audit Fee, a fee for verifying BOI project including imported machineries and corporate income tax submission was determined as follows:

Fee for verifying BOI project (Baht)	2021	2022
for the Company	100,000	100,000*
for joint venture (Siam Elite Palm)	100,000	100,000
Total	<b>200,000</b>	<b>200,000</b>

\*In 2022, there were two BOI projects.

The Consolidated financial statements include the financial statements of the Company and the following subsidiaries:

- Phansrivivat Co., Ltd. (100% shares held by the Company)
- Prachakvivat Co., Ltd.(100% shares held by Phansrivivat Co., Ltd)
- Phansri Co., Ltd. (100% shares held by Phansrivivat Co., Ltd)

## ❖ Summary of Consolidated Financial Statements

## United Palm Oil Industry Public Company Limited and its subsidiaries

## ➤ Statement of financial position as at 31 December

	<u>2022</u> Baht	%	<u>2021</u> Baht	%	<u>2020</u> Baht	%
<b><u>Assets</u></b>						
Current assets						
Cash and cash equivalents	99,936,008	5.66	32,782,180	1.86	39,839,639	2.68
Trade and other receivables	37,081,186	2.10	226,957,718	12.85	38,605,410	2.60
Current portion of lease receivables	699,293	0.04	1,544,819	0.09	1,567,066	0.11
Advance to employees	83,078	0.00	80,668	0.00	79,096	0.01
Inventories	221,651,027	12.56	241,766,733	13.69	123,013,684	8.29
Biological assets	203,525,992	11.53	112,273,222	6.36	95,620,275	6.44
Other current assets	8,045,626	0.46	12,483,276	0.71	20,417,097	1.38
Total current assets	571,022,210	32.35	627,888,616	35.55	319,142,267	21.50
Non-current assets						
Financial lease receivables - long-term portion	20,706	0.00	896,306	0.05	2,441,124	0.16
Investment in joint venture	62,450,037	3.54	26,570,516	1.50	22,997,536	1.55
Long-term loan to other company	16,560,000	0.94	17,480,000	0.99	18,400,000	1.24
Property, plant and equipment	908,471,120	51.47	877,810,751	49.70	887,736,007	59.79
Right-of-use assets	33,926,472	1.92	34,981,664	1.98	36,396,548	2.45
Bearer plants	171,950,885	9.74	176,452,462	9.99	196,333,100	13.22
Intangible assets	44,361	0.00	90,382	0.01	165,947	0.01
Other non-current assets	747,073	0.04	4,152,147	0.24	1,047,010	0.07
Total non-current assets	1,194,170,654	67.65	1,138,434,228	64.45	1,165,517,272	78.50
<b>Total assets</b>	<b>1,765,192,864</b>	<b>100.00</b>	<b>1,766,322,844</b>	<b>100.00</b>	<b>1,484,659,539</b>	<b>100.00</b>



	<b>2022</b>		<b>2021</b>		<b>2020</b>	
	<b>Baht</b>	<b>%</b>	<b>Baht</b>	<b>%</b>	<b>Baht</b>	<b>%</b>
<b><u>Liabilities and shareholders' equity</u></b>						
Current liabilities						
Short-term loans from financial institutions	40,000,000	2.27	145,000,000	8.21	245,000,000	16.50
Trade and other payables	30,077,480	1.70	35,766,882	2.02	18,303,837	1.23
Current portion of long-term loan	31,666,667	1.79	36,666,667	2.08	-	-
Current portion of long-term lease liabilities	408,731	0.02	345,178	0.02	308,143	0.02
Income tax payable	13,433,816	0.76	9,386,932	0.53	19,336,400	1.30
Other current liabilities	7,252,559	0.41	6,858,855	0.39	2,959,260	0.20
<b>Total current liabilities</b>	<b>122,839,253</b>	<b>6.96</b>	<b>234,024,514</b>	<b>13.25</b>	<b>285,907,640</b>	<b>19.26</b>
Non-current liabilities						
Long-term loan, net of current portion	26,666,667	1.51	63,333,333	3.59	-	-
Long-term lease liabilities, net of current portion	43,103,935	2.44	42,647,014	2.41	42,546,367	2.87
Deferred tax liabilities	22,840,677	1.29	31,751,684	1.80	2,610,783	0.18
Provision for long-term employee benefits	17,308,835	0.98	17,390,063	0.98	18,422,800	1.24
<b>Total non-current liabilities</b>	<b>109,920,114</b>	<b>6.23</b>	<b>155,122,094</b>	<b>8.78</b>	<b>63,579,950</b>	<b>4.28</b>
<b>Total liabilities</b>	<b>232,759,367</b>	<b>13.19</b>	<b>389,146,608</b>	<b>22.03</b>	<b>349,487,590</b>	<b>23.54</b>
<b><u>Shareholders' equity</u></b>						
Share capital						
Registered						
324,050,000 ordinary shares of Baht 1 each	324,050,000		324,050,000		324,050,000	
Issued and fully paid up						
324,050,000 ordinary shares of Baht 1 each	324,050,000	18.36	324,050,000	18.35	324,050,000	21.83
Share premium	321,544,740	18.22	321,544,740	18.20	321,544,740	21.66
Retained earnings						
Appropriated - statutory reserve	60,805,000	3.44	60,805,000	3.44	60,805,000	4.10
Unappropriated	826,033,757	46.80	670,776,496	37.98	428,772,209	28.88
<b>Total shareholders' equity</b>	<b>1,532,433,497</b>	<b>86.81</b>	<b>1,377,176,236</b>	<b>77.97</b>	<b>1,135,171,949</b>	<b>76.46</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,765,192,864</b>	<b>100.00</b>	<b>1,766,322,844</b>	<b>100.00</b>	<b>1,484,659,539</b>	<b>100.00</b>

**United Palm Oil Industry Public Company Limited and its subsidiaries**
**➤ Statement of comprehensive income for the year ended 31 December**

	<b>2022</b>		<b>2021</b>		<b>2020</b>	
	<b>Baht</b>	<b>%</b>	<b>Baht</b>	<b>%</b>	<b>Baht</b>	<b>%</b>
Revenues						
Revenue	2,237,528,936	91.76	2,074,443,675	95.22	923,837,788	93.63
Gain arising from change in fair value of biological assets	89,278,804	3.66	25,902,143	1.19	18,691,732	1.89
Compensation from insurance	12,262,299	0.50	7,671,981	0.35	18,736,306	1.90
Others	99,303,041	4.07	70,650,968	3.24	25,423,837	2.58
Total revenues	2,438,373,080	100.00	2,178,668,767	100.00	986,689,663	100.00
Expenses						
Cost of sales	1,992,080,635	81.70	1,721,271,390	79.01	756,475,531	76.67
Selling and distribution expenses	39,731,819	1.63	41,935,482	1.92	21,318,328	2.16
Administrative expenses	52,689,257	2.16	46,764,067	2.15	41,395,809	4.20
Loss on impairment of assets	-	-	15,588,502	0.72	-	-
Total expenses	2,084,501,711	85.49	1,825,599,441	83.79	819,189,668	83.02
Profit from operating activities	353,871,369	14.51	353,109,326	16.21	167,499,995	16.98
Share of profit (loss) of a joint venture	35,879,521	1.47	3,572,980	0.16	(3,751,777)	(0.38)
Finance income	508,530	0.02	372,151	0.02	429,612	0.04
Finance cost	(2,817,816)	(0.12)	(4,445,685)	(0.20)	(6,963,114)	(0.71)
Profit(loss) before income tax expenses	387,441,604	15.89	352,608,772	16.18	157,214,716	15.93
Income tax expenses	(70,160,393)	(2.88)	(45,794,905)	(2.10)	(32,116,003)	(3.25)
Profit (loss) for the year	317,281,211	13.01	306,813,867	14.08	125,098,713	12.68
Other comprehensive income:						
Actuarial loss – net of income tax	-	-	-	-	(1,431,122)	(0.15)
Share of other comprehensive income of a joint venture						
Actuarial gain (loss)	-	-	-	-	39,472	-
Other comprehensive income for the year	-	-	-	-	(1,391,650)	(0.14)
Total comprehensive income for the year	317,281,211	13.01	306,813,867	14.08	123,707,063	12.54
Basic earnings per share	0.98		0.95		0.39	

**United Palm Oil Industry Public Company Limited and its subsidiaries**
**➤ Cash flow statement for the year ended 31 December**

	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Cash flows from operating activities</b>			
Profit (loss) before tax	387,441,604	352,608,772	157,214,716
<i>Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:</i>			
Depreciation and amortization	42,761,226	43,044,047	40,951,747
Share of (profit) loss of a joint venture	(35,879,521)	(3,572,980)	3,751,777
Gain arising from change in fair value of biological assets	(89,278,804)	(25,902,143)	(18,691,732)
Loss on write-off bearer plants	2,855,555	116,730	-
Reduction of inventory cost to net realizable value (reversal)	8,859,336	(4,963,486)	1,451,565
Loss on impairment of assets (reversal)	(18,356,182)	15,588,502	-
Loss on write-off asset	-	-	2,083,664
Loss on disposal/write-off Property, Plant and Equipment	2,765,678	4,479,476	(4,215,811)
Gain on finance lease agreements	-	-	(3,778,947)
Provision for termination benefits and provision for long-term employee benefits	1,406,039	2,279,402	10,992,252
Interest expenses	2,817,816	4,445,685	6,963,114
	<b>305,392,747</b>	<b>388,124,005</b>	<b>196,722,345</b>
Operating assets (increase) decrease:			
Trade and other receivables	189,876,532	(188,352,308)	(8,134,187)
Cash received from financial lease receivables	1,721,126	1,567,065	742,139
Advance to employees	(2,410)	(1,572)	221,289
Inventories and biological assets	9,282,404	(104,540,367)	(27,650,274)
Other current assets	4,235,487	3,836,948	(10,621,089)
Other non-current assets	3,405,074	(3,105,137)	(46,000)
Operating liabilities increase (decrease):			
Trade and other payables	(6,147,558)	17,918,249	(252,411)
Other current liabilities	393,704	3,886,879	101,879
Cash paid for termination benefits and long-term employee benefits	(1,487,267)	(3,312,139)	(13,466,685)
Cash flows from operating activities	<b>506,669,839</b>	<b>116,021,623</b>	<b>137,617,006</b>
Cash paid for interest expenses	(3,084,473)	(4,179,391)	(6,984,326)
Cash received (paid) from income tax	(74,822,353)	(22,506,599)	(1,732,419)
<b>Net cash flows from operating activities</b>	<b>428,763,013</b>	<b>89,335,633</b>	<b>128,900,261</b>

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Cash flows from investing activities</b>			
Decrease in long-term loan to other company	920,000	920,000	920,000
Proceeds from disposal of Property, Plant & Equipment	210,393	3,103,365	26,892,171
Cash paid for acquisition of Property, Plant & Equipment	(48,124,898)	(31,225,220)	(95,797,403)
Increase in cost of bearer plants	(5,924,064)	(4,394,373)	(3,681,047)
<b>Net cash flows used in investing activities</b>	<b>(52,918,569)</b>	<b>(31,596,228)</b>	<b>(71,666,279)</b>
<b>Cash flows from financing activities</b>			
Decrease in short-term loans from financial institutions	(105,000,000)	(100,000,000)	(30,000,000)
Cash paid for lease liabilities	-	-	(293,729)
Cash received from long-term loan	-	110,000,000	-
Repayment for long-term loan	(41,666,666)	(10,000,000)	-
Dividend paid	(162,023,950)	(64,796,864)	(8,101,199)
<b>Net cash flows from (used in) financing activities</b>	<b>(308,690,616)</b>	<b>(64,796,864)</b>	<b>(38,394,928)</b>
Net increase (decrease) in cash and cash equivalents	67,153,828	(7,057,459)	18,839,054
Cash and cash equivalents at beginning of year	32,782,180	39,839,639	21,000,585
Cash and cash equivalents at end of year	99,936,008	32,782,180	39,839,639
 Supplemental cash flows information :			
Non-cash transactions			
Purchase of equipment for which no cash has been paid	1,495,760	770,947	1,492,444
Increase in right-of-use assets from contract modification	520,474	137,682	-

➤ **Financial ratio - Consolidated**

		<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Liquidity Ratio</b>				
Current ratio	Times	4.7	2.7	1.1
Quick ratio	Times	1.1	1.1	0.3
Cash flow liquidity ratio	Times	2.4	0.3	0.4
Receivable turnover	Times	17.0	15.6	26.7
Collection period (Average)	Days	22	23	14
Finished Goods Turnover Ratio	Times	9.0	10.2	8.5
Finished goods period (Average)	Days	41	36	43
Inventory turnover	Times	8.6	9.4	7.4
Inventory period (Average)	Days	42	39	50
Payables turnover	Times	60.5	63.7	36.7
Payment period (Average)	Days	6	6	10
Cash Cycle	Days	58	56	53
<b>Profitability Ratio</b>				
Gross profit margin	%	11.0	17.0	18.1
Operating profit margin	%	15.8	17.0	18.1
Other income to total income ratio	%	8.3	4.8	6.4
Cash to profit ratio	%	121.1	25.3	77.0
Net profit margin	%	13.0	14.1	12.7
Return on equity (ROE) (Average)	%	21.8	24.4	11.6
<b>Efficiency Ratio</b>				
Return on assets (Average)	%	18.0	18.9	8.9
Return on Fixed assets (Average)	%	33.7	32.7	15.6
Total assets turnover	Times	1.4	1.3	0.7
<b>Financial Policy Ratio</b>				
Debt to Equity ratio	Times	0.15	0.28	0.31
Interest coverage ratio	Times	153.7	90.0	29.5
Interest bearing debt to EBITDA	Times	0.2	0.6	1.2
Debt service coverage ratio	Times	6.0	2.2	0.8
Net profit per share	Baht/Share	0.98	0.95	0.39
Dividend from performance per share	Baht/Share	0.45	0.50	0.20
Dividend payment per share	Baht/Share	0.5	0.20	0.03
Dividend payout ratio	%	52.5	53.8	50.2

## 5. General Information and Other Materials Facts

### 5.1 Registrar

Name : Thailand Securities Depository Co., Ltd.  
 Address : 93 The Stock Exchange of Thailand Building,  
 Ratchadapisek Road, Khwaeng Din Daeng,  
 Khet Din Daeng, Bangkok 10400

Tel 02-009 9000  
 Fax 02-009 9991

### 5.2 Auditor

Name : Mrs. Kunlapee Piyawannasuth  
 Certified Public Accountant No. 6137

Address : EY Office Limited  
 33<sup>rd</sup> Floor, Lake Rajada Office Complex,  
 193/136-137 Rajadapisek Road,  
 Klong Toey, Bangkok 10110

Tel 02-264 0777, 02-661 9190  
 Fax 02-264 0789-90, 02-661 9192

No. of years being the Company's Auditor : 1  
 Relations or interests with the Company / : None  
 the Company's subsidiaries /  
 the management / major shareholders /  
 or any relevant persons of the aforementioned

### 5.3 Investor Relations

Name : Ms. Anchalee Suebchantasiri  
 Managing Director

e-mail : anchales@lamsoon.co.th

Name : Ms. Piyathida Sukchan  
 Executive Director

e-mail : piyatida@lamsoon.co.th

Tel 02-361 8959-87  
 Fax 02-361 8989



## 5.4 Legal conflicts

### 5.4.1 Legal cases which could have a material adverse impact on the assets of the Company or its subsidiaries amounting higher than 5% of shareholders' equity in consolidated financial statements at December 31, 2022

There was no litigation or legal conflicts which could have a material adverse impact on the assets of the Company or its subsidiaries amounting higher than 5% of shareholders' equity in consolidated financial statements at December 31, 2022.

### 5.4.2 Legal cases which could have a material adverse impact on the operations

-----None-----

### 5.4.3 Legal cases which do not involve the normal business of the Company

-----None-----

## Section 2

### Corporate Governance

#### 6. Corporate Governance Policy

The Securities and Exchange Commission (SEC) with the collaboration of the Task Force for Sustainability in Listed Companies has developed the Corporate Governance Code 2017 (the “CG CODE”) by integrating Environmental, Social, and Governance issues (ESG) into the business process for the Board of Directors, as the leader and governing body of a listed company, who can apply as a guideline to supervise the listed company to conduct the business with integrity, respect for the rights, responsibilities for stakeholders, development or reduction of negative impacts on the environment as well as the adaptation to any changing conditions. This is in accordance with sustainable development under the philosophy of Sufficiency Economy.

##### 6.1 Overview of the Policy and Guidelines

United Palm Oil Industry Public Company Limited (UPOIC) recognizes the importance of Corporate Governance Code in promoting transparency in operations, fair and equitable treatment to all stakeholders as well as an efficient management system in parallel with Corporate Social Responsibility aiming at the Company’s long-term sustainable value creation. The Board of Directors therefore considered the application of the CG CODE Principles as deemed appropriate, and resolved to apply the Principles by means that are suitable for the Company’s business. If any of the Principles cannot be applied or are not applicable, an explanation shall be provided at the Board Meeting.

##### 8 Principles of the Corporate Governance Code

- Principle 1 Establish Clear Leadership Role and Responsibilities of the Board
- Principle 2 Define Objectives that Promote Sustainable Value Creation
- Principle 3 Strengthen Board Effectiveness
- Principle 4 Ensure Effective CEO and People Management
- Principle 5 Nurture Innovation and Responsible Business
- Principle 6 Strengthen Effective Risk Management and Internal Control
- Principle 7 Ensure Disclosure and Financial Integrity
- Principle 8 Ensure Engagement and Communication with Shareholders

##### 6.2 Policy and guidelines related to the Board of Directors

The Board has assigned the Audit and Corporate Governance Committee to develop an action plan and measures for monitoring to ensure implementation, assessment of compliance, and recommending improvement on the CG CODE as appropriate.

## **(1) Procedure for Director Nomination**

The Nomination Committee shall have the duty to recommend names of suitable candidates for the Board and shareholders' meeting to elect as directors according to the Company's Articles of Association. The Nomination Committee shall undertake the task of identifying, evaluating, selecting and proposing new nominees to the Board.

The Board of Directors shall consider that the candidates possess experience suitable for the post of directorship, to assist the Board to act prudently as well as capability to make rational business decisions, strategic thinking, leadership, and expertise in the profession, honesty and suitable personal qualification.

The foremost criteria for nominating director candidates shall be the candidates' skills and experiences, professional qualification, business knowledge and experience as well as personal qualities and integrity. Consideration shall also be given to the benefits of diversity such as gender, age, ethnicity, and nationality.

## **(2) Remuneration of Directors and Executives**

### **• Remuneration of Directors**

The Remuneration Committee shall consider the criteria and principle and the form of remuneration for directors and make its recommendation to the Board. The Remuneration of directors shall be approved by the shareholders' meeting. Comparison shall be made to other companies in the same industry, of the same experience, commitment, scopes of roles and responsibilities as well as the remuneration survey of other companies listed on the SET. The remuneration shall be set at a level sufficient to attract and retain qualified persons.

### **• Remuneration of Executives**

The remuneration of Executives shall be in accordance with guidelines and policy set by the Remuneration Committee from time to time. The remuneration shall be commensurate to job scope competence and the performance of the Company. The Remuneration Committee shall recommend the appropriateness of remuneration to the Board for review and approval. The remuneration structure rewards individual performance and incentivizes the Executive Directors, Managing Director and key executives to act in support of the Company's objectives and goals, and fosters the long-term commitment of the Company performance.

### **(3) The independence of the Board of Directors from the Management**

The Board of Directors consists of 3 independent directors, 1 Non-Executive Director, 1 Director, and 2 Executive Directors, with the number of independent directors exceeding the minimum criteria set by the SEC.

Non-executive directors may hold meetings among themselves without the management present at the meeting in order to discuss management issues of interest. The result of the meeting shall be reported to the Managing Director.

### **(4) The director development**

#### **• Board and Management Training**

The Company arranges orientation for new directors and management, which includes factory tour to observe production processes as well as introduction to the nature of business of the Company and its subsidiaries. The following documents would be provided to the new directors:

- Listed Company Director Handbook containing topics such as roles and responsibilities, restrictions that directors should not do as they are prohibited by relevant law, roles and responsibilities of sub-committees
- Principles of Good Corporate Governance and Code of Business Conduct of the Company
- Memorandum and Articles of Association of the Company
- The latest annual registration statement (Form 56-1 One Report)

Furthermore, the Board of Directors has a policy to encourage and promote continuous training and development of directors, Managing Director, executives, and employees, which is relevant to their roles to enhance their knowledge, skills and useful experiences related to the operation including useful information related to the business that will drive the Company toward its goals.

#### **• Succession Plan**

The Company has prepared for succession plan by recruiting management trainees to develop knowledge and ability for being company future executives. In addition, the Company assigns the following persons to take charge and act on behalf in case the Managing Director is unable to function, namely,

- Finance and Accounting Manager to act and make decision regarding the finance and accounting of the Company and its subsidiaries.

Ms. Piyathida Sukchan to act and make decision in other matters of the Company and its subsidiaries.

## **(5) The assessment of duty performance of directors**

### **• Board Self-Assessment**

The Company shall have the Board assess themselves using the assessment form of the SET's Corporate Governance Center. The assessment will be done once each year in December. Each director shall hand in the completed assessment form to the Company Secretary to compile and report to the Board so that improvement can be considered.

### **• Assessment of Managing Director**

The Board of Directors conducts an annual performance assessment of Managing Director by determining the Key Performance Indicators reflected by the Company's operating performance in both quantitative and qualitative terms. The Remuneration Committee, comprises majority of whom are independent directors and its Chairman is an independent director, is responsible to consider such key indicators which are transparent and suitable with the business of the Company. Categories of the assessment are as follows:

- Leadership
- Strategic planning and performance
- Financial planning and financial performance
- Relationship with the Board of Directors
- Risk management and internal control
- Wealth creation to shareholders

## **(6) Supervision of subsidiaries, associated companies, and joint venture**

The Company can appoint senior executives to hold directorship or executive positions in subsidiary, associated companies, joint venture or other related companies in the group of companies. This is to supervise the management to be in accordance with the principles of good governance and for the maximum benefit of the group of companies. However, in case of holding positions in companies other than those in the same group, prior approval must be obtained from the Managing Director.

## **6.3 Policy and guidelines related to shareholders and stakeholders**

### **(1) Equitable Treatment of Shareholders**

- Regardless of their gender, age, skin color, race, nationality, religion, belief, political preference, or any physical handicap, the Company values all shareholders by protecting their fundamental rights equally and fairly, including applies the one share one vote principle to ensure the investment confidence.
- The Company shall provide a proxy form B, in which a shareholder can give comments on his votes, enclosed in the meeting notices stating

clearly the required documents and procedure for appointment of proxy to attend the meeting. A shareholder who cannot attend the meeting in person but would like to exercise his voting right may appoint another person as proxy to attend and vote at the meeting. He may also appoint an independent director as his proxy.

- The Company establishes the policy for prevention of utilizing insider information, and informs the same to employees, executives, and directors.
- The Company discloses business connected transactions with its subsidiary, which is normal business on fair and at arm's length basis.

## **(2) Right of Shareholders**

- The Company shall hold an Annual General Meeting of Shareholders (AGM) within 4 months of the end of the Company's fiscal year. The meeting will consider the annual registration statement report (Form 56-1 One Report) of the Board of Directors presenting the operational performance of the past year, statements of financial position, statements of comprehensive income, dividend distribution and legal reserve appropriation, election of directors to fill the vacancy caused by expiration of service term, director's remuneration, appointment of auditor and auditor's remuneration.
- For Annual General Meeting of Shareholders (AGM), the Company shall separate the agendas between the appointment of directors and the director's remuneration. The Company provides the ballot to shareholders to use for proposing candidates and voting directors as an individual.
- The Company shall hold an extraordinary general meeting of shareholders as the Board of Directors thinks fit. One or more shareholders holding shares in aggregate of at least ten (10) percent of the total number of issued shares may together join the name list in writing to request to the Board of Directors to call for an extraordinary meeting at any time. However, it is necessary to specify the subject and the reasons for calling such meeting to be clearly stated in such request. The Board of Directors shall proceed to call a shareholders' meeting to be held within forty-five days from the date of receipt of such request from the said shareholders.
- The Company shall disclose the Board resolutions regarding the determination of AGM date and the meeting agendas with the reasonable details through the SET online system and the Company's website no later than the next working day after the Board having resolution.
- In calling a shareholders' meeting, the Company shall prepare a written notice calling the meeting that states the place, date, time,



agenda of the meeting and the matters to be proposed to the meeting with reasonable details by indicating clearly whether it is the matter proposed for information, for approval or for consideration, as the case may be, including the opinions of the Board of Directors in the said matters, and the said notice shall be delivered to the shareholders and the Registrar for their information at least 21 days prior to the date of the meeting.

- At a shareholders' meeting, in order to constitute a quorum, there shall be shareholders and proxies (if any) amounting to not less than 25 persons and holding shares amounting to not less than one-third of the total number of shares issued. The Chairman of the Board of Directors shall be the chairman of the meeting and conducting the meeting according to the sequence in the agenda stated in the meeting notice, and it is the policy not to add items to the agenda without advance notice to shareholders.
- In a regular agenda, the ballot shall be used in the event any shareholder would like to cast a negative vote or abstain from voting. The ballot shall always be used in important agenda such as election of directors, approving connected transactions, acquisition or disposal of assets, amendment of memorandum of association and articles of association.
- The Company shall ensure that shareholders have the opportunity to propose the agenda for AGM as it deems material and beneficial including to propose candidate for selection as director in advance, and to submit questions which are related to the Company prior the meeting date, the procedures of which are published on the Company's website.
- Adequate time shall be allocated for the meeting and equal opportunities provided for shareholders to express their opinions and ask questions.
- The Company's policy to facilitate and encourage shareholders to attend and participate at the shareholders' meeting has been established and posted on its website.
- The Company shall post meeting documents and meeting notices in both Thai and English languages on its website at least 30 days prior to the meeting date so that the shareholders can study the information for the meeting in advance.
- The Company shall ensure that shareholders have the opportunity to ask questions and shall record important issues raised by the shareholders and explanation of the Board as well as recording clearly the number of affirmative votes, negative votes, and abstained votes, in the meeting minutes, once having votes in any respective agenda. Two shareholders are invited to act as witness in the counting of

votes, and VDO has been recorded during the meeting until the meeting finishes.

- The Company shall disclose the resolutions together with voting result through the SET online system within the next day after the meeting date.
- The Company shall post a draft minutes of the shareholders' meeting on the Company's website within 14 days of the completion of the meeting. The shareholders may inspect the correctness and may make objection if necessary without having to wait until the next meeting to do so.
- The Company participates in SET Opportunity Day, arranged by the Stock Exchange of Thailand. The objective of the event is to provide an opportunity for listed companies to carry out investor relations activities and to clarify information about the business and operations to security analysts, investors and the media who attending the event. The Company always joins the activity at least once a year.

### **(3) Prevention of use of inside information**

To prevent directors and executives from using inside information for personal gains and disclose it to outside parties, the Company sets the following rules:

- Executives shall report their holding of UPOIC's shares and report change of holding to the SEC according to section 59 of the Securities and Exchange Act B.E. 2535 within 3 days of the transaction date and handing copy thereof to the Company Secretary as well as report shareholding to the Board every quarter. Future change of law (if any) shall also enforceable.
- "Executives" means directors, managers or first 4 management officers ranking immediately below the Managing Director. This shall include management level of accounting or finance officers or equivalence who have the duty to prepare and file report of shareholding in his own name, spouse and minor child to the SEC.
- Directors, executives, managers and employees who have access to inside information shall be prohibited from disclosing such information to outside parties who has no duty involving the Company and shall refrain from buying and selling UPOIC's shares in the period of one month prior to the Company's financial statements being announced and at least one day after the date of the financial statements being disclosed.
- Directors and executives shall report to the Board of Directors or the delegated person about their transaction (buy and sell) of the Company's shares at least 1 day before the transaction date and

notify SEC within 3 business days after transaction date as specified by the Securities and Exchange Act.

- Directors, executives, managers and employees shall be prohibited from using inside information that may materially affect the UPOIC share price, which has not yet disclosed to the public, for personal gains and/or persuading other persons to buy or sell UPOIC shares. The Company shall take action against violation of the rule which shall be punishable by law.

#### **(4) Approval of transaction containing conflict of interest**

Directors, executives, or other persons, who enter into related party transaction or transaction containing potential conflict of interest and transaction regarding acquisition or disposal of material assets as defined by the Notifications of the SEC and the SET which are in force on the date of such transaction, shall strictly follow the Notifications. The Company has set the criteria to approve the transaction as follows:

- Person with interest or potential conflict of interest shall refrain from approving such related transaction;
- The price or compensation for such transaction shall be under normal business terms and conditions with the benefit of the Company as the main consideration;
- The Audit and Corporate Governance Committee shall review and give opinion prior to the transaction. If the Audit and Corporate Governance Committee has no expertise in the matter, the Company shall arrange to have independent expert to give opinion to the Audit and Corporate Governance Committee which will be used to review the matter before submitting to the Board and the shareholders' meeting for approval.
- The Company shall disclose the transaction according to the rule and procedure set out by the SEC and the SET.

#### **(5) Responsibility towards stakeholders**

##### **• Role of Stakeholders**

The Company has a policy that recognizes the rights and interests of all groups of stakeholders whether they are employees, shareholders, creditors, customers, trade-counterparts, competitors, community and society. The expectations of one group of stakeholders may be different from another group. Therefore, the Company shall ensure that the rights of each group will be protected according to relevant laws and handled carefully and with sensitively. Procedures are stated as the Company's policy namely Policy and Practice toward stakeholders, and published on the Company's website as follows:

- Policy and Practice toward shareholders
- Policy and Practice toward customers
- Policy and Practice toward business partners
- Policy and Practice toward competitors

- Policy and Practice toward creditors
- Policy and Practice toward employees
- Policy and Practice toward community, society, and environment
- Policy and Practice toward human-right respect
- Policy and Practice toward the intellectual property and copyright
- Policy and practice towards quality, safety, and occupational health
- Policy and Practice toward anti-corruption and bribery

Furthermore, the Company has implemented various standards from the quality management system to enhance focusing on role of stakeholders such as:

- *ISO 9001: 2015* is the Quality Management System (QMS) which governs the design, production development, installation and service in order to assure the quality. This system ensures all processes have been controlled and inspected by documentation indicating working procedure. Therefore, it is confident that all employees recognize their roles, responsibilities and working process.
- *ISO 45001: 2018* is the standard for occupational health and safety management systems in workplace which protect employees from accidents and occupational diseases. This system is the method to control and reduce hazard and risks from working that affect health, life and properties.
- *ISO 14001: 2015* is the environment management system which is most recognized by worldwide organizations. This standard has objective for enhancing the awareness of the importance for environmental management together with business development focusing on preventing pollution and protecting environment. These lead to reduce environmental impact and production costs.
- *Roundtable on Sustainable Palm Oil (RSPO)* is the standard for the sustainable palm oil production taking into recognition of the impacts on stakeholders especially the forest as being the source of water. This standard applies throughout the supply chain from upstream to producers.

The Company conducts its activities with the concern of safety, health and environment. Management and employees at all levels have committed to carry out their functions with responsibility. In 2022, there were 6 accidents. However, there was no any infirm or death in workplace.

#### **6.4 To disclose information on the interest of directors, executives, and related persons**

In order to the Board to make decision based on the common benefit of the Company and to have directors, executives who have transaction with interest involving the Company business to comply with the Notification of the Capital Market Supervisory Board no. Tor Jor. 2/2552 re: Reporting of interest of directors, executives and related persons, the Company sets the following rules:

- Directors, Executives and related persons who have transaction with interest in relation to management of the Company or its subsidiary with the value of 1 million Baht or more, or 0.03% of the Net Tangible Assets (NTA) of the Company or its subsidiary, whichever amount is higher, shall file a report to the Company Secretary, according to the report form, within 7 business days from the date of transaction. Every time when there is a change of the transaction, such change must be reported within 7 business days from the date of change.
- The Company Secretary shall submit a copy of the report on interest under paragraph 1 to the Chairman of the Board and Chairman of the Audit and Corporate Governance Committee within 7 business days from the date of receipt of such report.
- Directors and Executives who have interest in any meeting agenda item which is under consideration shall not participate in making decision and shall leave the meeting room. The Company will not send document related to the said agenda to such interested persons.
- The Company shall disclose such interest in the annual registration statement (Form 56-1 One Report).

## 6.5 Nurture Innovation and Responsible Business

The Board of Directors priorities and promotes research & technology development and innovation that create value for the business together with the benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company. The Board also supervises the management to allocate and manage resources efficiently and effectively throughout all aspects of the value chain to enable the Company to meet its objectives with sustainability.

## 6.6 Measure of redress and damage compensation

If the Board of Directors determines that a stakeholder has suffered damages from any violation of law by the Company, the Board shall take steps to redress the problem as soon as possible as well as finding measure to prevent recurrence of the problem. Appropriate compensation will be given to the person suffered from violation of law.

## 6.7 Anti-corruption action and measures

### 6.7.1 Anti-Corruption Policy

The Company Group has announced an official anti-corruption policy which was reviewed and approved by the Board of Directors. The details are as follows:

“Directors, management, and employees of the Group are prohibited from requesting, performing or accepting corruption in any form, whether directly or indirectly. This shall be applicable to all business



units of the Group. Regular reviews on compliance with the anti-corruption policy shall be made, as well as reviews on implementation to ensure compliance with the policy, practices, regulations, rules, notifications, and laws. In case of breach of the policy, any act considered as facilitative to, or implicated in corruption, shall be subject to penalties as stipulated by the Group policies.”

Communication and public relation activities under anti-corruption policy including complaint/suggestion making and whistle-blowing channels are carried out via both internal and external media e.g. electronic mail, announcement, the Group’s website, annual registration statement (Form 56-1 One Report), orientation for directors and employees including arranging a discussion on yearly basis to ensure mutual understanding among employees. Such policy is complied with the law of Thailand for the actions against corruption.

The risk management committee will assess potential fraud risks. In the event that such risks arise, the risks will be reported to the Audit and Corporate Governance Committee and the Board of Directors.

#### **6.7.2 Practice towards oversight and control for safeguarding and monitoring the corruption risk**

The Company establishes the practice towards oversight and control for safeguarding and monitoring the corruption risk summarized as follows:

- To provide internal control system, internal audit function, and risk management covering key business functions such as accounting, payment, procurement in order to prevent and monitor the corruption risk as well as to recommend any appropriate solutions
- To put in place complaint-making and whistle-blowing channels, covering complaint-filing, verification, and summary of findings, together with protection of the complainants and related parties. The purpose is to handle complaints, comments, or suggestions from stakeholders that are affected or potentially affected by the Group’s business or conduct of its directors, executives, or employees resulting from law-breaking or violation of the code of conduct, as well as suspected corrupt practices.

The Group will keep their complaints confidential and not disclose them to unrelated parties except when required by law.

Those with knowledge of complaints or related information must maintain confidentiality and not disclose it except when required by law. If this is intentionally violated, the Group will punish them under its regulations or the law, or both, as seen fit.

- Executives in each unit are responsible for monitoring the progress of the complaint and report to the Audit and Corporate Governance Committee and the Board of Directors for acknowledgement.

## 6.8 Ensure Disclosure and Financial Integrity

### • Disclosure and Transparency

The Company recognizes the importance of timely disclosure of information that shareholders may use for their investment decision as well as decision in exercise their votes at the shareholders' meeting. The Company periodically assesses the efficiency of information disclosure. The following information is regularly disclosed.

- Disclosure of the following in Thai and English and update of the information in the Company's website
  - Principles of Good Corporate Governance
  - Policy and Practice toward stakeholders including environment policy; anti-corruption policy; quality, safety, and occupational Health policy etc.
  - Code of Business Conduct
  - Nature of Business
  - Business Structure
  - Shareholder Structure
  - Structure of the Board of Directors
  - Vision/Mission
  - Articles of Association
  - Annual registration statement (Form 56-1 One Report)
  - Financial Statements
  - Shareholders' Meeting notices and meeting documents
  - Minutes of the Shareholders' Meetings
  - News published by the Company
- Periodically submit accurate, complete, and timely information to the SET and the SEC such as Financial Statements, annual registration statement / annual report (Form 56-1 One Report)
- News on important changes which may have material impact on the share price according to the regulations of the SET
- The Board of Directors assumes the responsibility for the accuracy, completeness and timely manner of the Company's financial reporting and information disclosure in accordance with relevant guidelines including rules and generally accepted accounting standards with appropriate accounting policies which are applied and consistently conformed. The report shall be audited by an external auditor and reviewed by the Audit and Corporate Governance Committee to ensure that sufficient disclosure is made and it can reflect the Company's financial status and operating performance.
- The Executive Directors shall be responsible for communicating with investors both individual and institutional, shareholders, security analysts and relevant government sectors. Information can be requested from

Tel: 02-361 8959-87 or Fax: 02-361 8988-9 or by email: upoic.secretary@upoic.co.th or through the Company's website.

## 6.9 Financial Liquidity and Solvency

The Board of Directors assigns the management to regularly monitor and evaluate the Company's financial status and report to the Board of Directors on regular basis. The Board of Directors and the management will ensure that any potential threats to the Company's financial liquidity and solvency are promptly addressed and remedied.

The Company emphasizes its trustworthiness and therefore, strictly conforms with conditions and agreements made with creditors in order to create reliability. The Company always pays all interest and principle accurately, timely, and completely. Also, the Company shall not use loans proceeds in the way that is contrary to its objectives nor conceal any information that may be harmful to creditors.

In the event that the Company is unable to comply with any condition of an agreement, the Company will immediately inform the creditor so as to find a reasonable and mutually-acceptable solution. The Company strives to maintain good relationships and mutual trust with creditors. However, the Company has controlled the capital management at appropriate level to prevent the Company from experiencing difficulties in repaying creditors. There is also a liquidity management on debt repayment to meet the maturity in a timely manner. The management is responsible for planning, monitoring and controlling the financial position of business sector to cover the significant risks under either normal circumstances or crisis.

## 6.10 Business code of conducts

The Company recognizes that following code of conduct on the part of executives and employees is necessary for the sustainability and achievement of the Company in the long term. The Company believes that the code of business conduct is a basic foundation for promoting and upgrading good corporate governance. The Company has updated its code of business conduct as a codification of good behavior patterns which have been approved by the Board of Directors and announced to all directors, executives and employees. The Company has subsequently monitored the compliance to the code strictly and regularly.

Code of Business Conduct was first compiled in officially written format in 2009. This current version is the first revision (R.01) which was clearly divided into categories, and its content was improved to cover relevant comprehensive regulations and policy with wider range of practical guidelines for stakeholders. This version was also included the policy of Anti-Corruption to accommodate the current business implementation.

The Company discloses Code of Business Conduct of the Group as well as other policies including:

- Sustainability Policy
- Social responsibility and labor Policy

- Safety, Health and Environment Policy
- Energy Management Policy

In addition, the Board of Directors defined the Company's objectives and goals to promote sustainable value creation in the form of the Company's vision, mission, business goal and strategy and corporate culture, including encouraging the communication among personnel at every level to move forward the Company in the same direction. Furthermore, the Board of Directors monitors and ensures that the Company's strategies are put into practice. At least once a year, the Board of Directors follow up on the management performance and requires that there must be a report on the Company's operation and business performance, especially the performance against financial targets and action plans, to make sure that the established strategies are being accomplished.

### **6.11 Vision**

The leading sustainable palm oil business company with operational excellence, international best practices, and world-class competitive strengths

### **6.12 Mission**

- 1) Building capacity in entire palm oil business value chain from seeding, germinating, plantation, crop oil extraction and related business so as to be competitive and recognizing in the future
- 2) Performing the high value palm oil business by focusing in research and development of palm seed breeding of seed with high yield and adaptable to a range of cultivation area to fulfill grower requirements as well as providing the best services.
- 3) Employing advanced technology in production, research and development with international management system as well as taking care of the environment, biodiversity, communities, and society.
- 4) Always ensuring the health, safety, and welfare of all employees and building trust and confidence among our customers, grower/suppliers and generate return to shareholders and other stakeholders appropriately.

### **6.13 Business Goal and Strategy**

The Company commits to achieving the business goal with transparency awareness, ethical integrities, respect for human rights, sustaining well-being communities and the environment, and applying superior technology advantage to increase production efficiency, while taking into account the impact on the environment, society and community. All these orientations are vital in attaining the topmost organization targets i.e. the Company's values, the stakeholder benefits, and consistently contributing to shareholders' wealth in the longer term. All sectors are important for the sustainable growth and development of the business.

## 6.14 Corporate Culture

- 1) **Accountability:** Being responsible of assigned duties and work together towards a common goal.
- 2) **“Can-do” attitude:** Having a positive attitude, being enthusiastic and motivated, and working with happiness and enjoyment.
- 3) **Teamwork:** Being reliable, communicate openly and work together by taking into account the best result.
- 4) **Continuous improvement:** Striving to improve working procedure and exploring new method to develop products and services.
- 5) **Take care of people:** Being a caregiver, having senses of fairness and equality and creating work-life balance.

For more details, please refer to website:

<http://www.upoic.co.th/governance.php?lang=th&year=2021> (for Thai)

<http://www.upoic.co.th/governance.php?lang=en&year=2021> (for English)

## 6.15 Material changes and developments regarding policy, guidelines and corporate governance system in the preceding year

### 6.15.1 The Implementation of Corporate Governance Code for Listed Companies

The Company has reviewed the Corporate Governance Policy, developed from the 2012 Good Corporate Governance Principles for listed Companies in aligning with the guideline set by the Stock Exchange of Thailand, and the 2017 Corporate Governance Code for Listed Companies as prescribed by the Office of Securities and Exchange Commission. After consideration, the Board of Director founded that the Company has adopted most of 8 principles that are suitable for the Company’s business.

The Company got the score at **90%** according to the Corporate Governance Report of Thai Listed Companies for 2022 evaluated by IOD.

### 6.15.2 CG Code that has not adopted

However, there are some principles that the Company has not adopted or put into practice, which the management clarified the reasons at the Board Meeting to adjust and ensure the suitability for the Company’s business at the next step. The key non-conformed principles are included as follows:

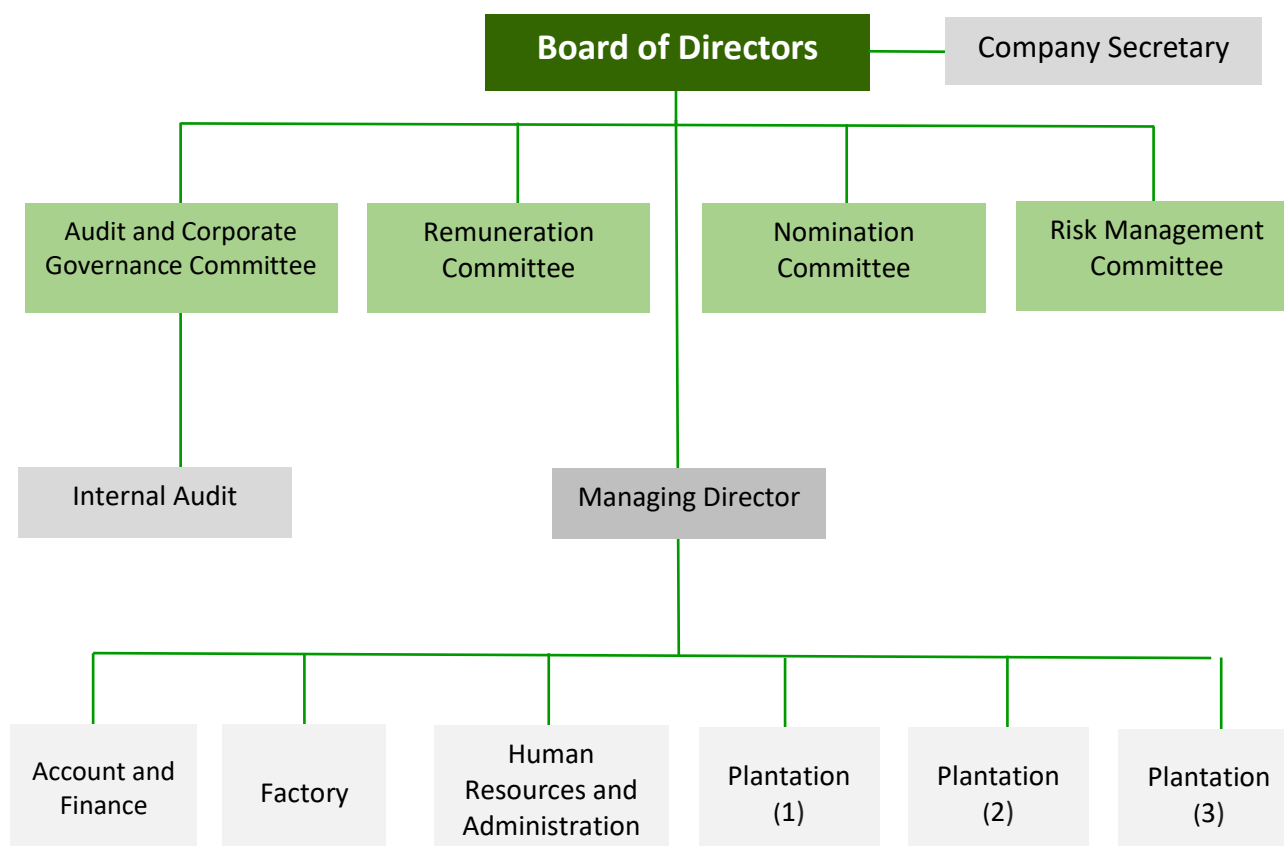
Principles not exercised	Reasons for not exercising
The Board of Directors to determine that independent directors can continually assume director positions for not longer than 9 years since the	Every Director has knowledge, capability, experience and an understanding in the business operation, with independence in expressing opinions deemed beneficial for the Company.



Principles not exercised	Reasons for not exercising
date of the first appointment	The experience of Directors from long-term tenure will support them to understand the Company's operation which has the particular nature of business.
To determine a minimum quorum of at least 2/3 when the Board making the decision	According to the Company's AOA, at the Board Meeting, there must be presented not less than one half of the total number of Directors to form a quorum which is legitimacy and compliance with international principle. With such principle, it is able to conduct meeting orderly, transparency and efficiency.
At least one member of Audit Committee should be educated or have experience in Accounting e.g. Certified Public Accountant (CPA), Continuing professional development (CPD).	Even though no member of Audit and Corporate Governance Committee is educated or has experience in Accounting in particular, most of the members have experience in finance and fiscal management, which is adequate for the current business scope of the Company while still ensuring efficiency of the audit and corporate governance functions.
The Board members not comprise independent directors more than 50%	The Board of Directors comprises 7 members, 3 of whom are independent directors (representing less than 50% but more than one-third of the total number of Directors), and the Chairman of the Board is an independent director. Such composition is considered to reflect the appropriate balance of power. In addition, independent directors are able to work effectively with all directors with independence in expressing their opinions.

## 7. Corporate Governance Structure and Material Facts Related to the Board of Directors, Committees, Executives, Employees, and Others

### 7.1 Organization Chart



**Board of Directors** comprises at 3 Independent Directors, 1 Non-Executive Director, 1 Director, and 2 Executive Directors.

(1) Assoc.Prof Naris Chaikasoot, Ph.D.	Independent Director and Chairman of the Board
(2) Ms. Anchalee Suebchantasiri	Vice-Chairman of the Board of Directors and Managing Director
(3) Mr. Sangiam Santad	Independent Director
(4) Mr. Wasin Patchakapati	Independent Director
(5) Mr. Whang Shang Ying	Director
(6) Ms. Piyathida Sukchan	Executive Director
(7) Mr. Ampol Simarojana	Non-Executive Director
(8) Mrs. Sutida Boonjaroen	Company Secretary

**Audit and Corporate Governance Committee** comprises at 3 Independent Directors.

(1) Assoc.Prof Naris Chaikasoot, Ph.D.	Independent Director and Chairman of Audit and Corporate Governance Committee
(2) Mr. Sangiam Santad	Independent Director and Member of Audit and Corporate Governance Committee
(3) Mr. Wasin Patchakapati	Independent Director and Member of Audit and Corporate Governance Committee

**Remuneration Committee** comprises at 3 Independent Directors and 1 Director.

(1) Mr. Sangiam Santad	Independent Director and Chairman of Remuneration Committee
(2) Assoc.Prof Naris Chaikasoot, Ph.D.	Independent Director and Member of Remuneration Committee
(3) Mr. Wasin Patchakapati	Independent Director and Member of Remuneration Committee
(4) Mr. Whang Shang Ying	Director and Member of Remuneration Committee

**Nomination Committee** comprises at 3 Independent Directors and 1 Director.

(1) Mr. Sangiam Santad	Independent Director and Chairman of Nomination Committee
(2) Assoc.Prof Naris Chaikasoot, Ph.D.	Independent Director and Member of Nomination Committee
(3) Mr. Wasin Patchakapati	Independent Director and Member of Nomination Committee
(4) Mr. Whang Shang Ying	Director and Member of Nomination Committee

**Risk Management Committee** comprises at 1 Non-Executive Director and 2 Executive Directors.

(1) Ms. Anchalee Suebchantasiri	Managing Director and Chief Risk Officer
(2) Ms. Piyathida Sukchan	Executive Director
(3) Mr. Ampol Simarojana	Non-Executive Director

The Directors with the authority to sign for the Company as determined in the Certificate of the Company include Mr. Whang Shang Ying, or Ms. Anchalee Suebchantasiri, or Ms. Piyathida Sukchan; any two of those jointly sign together with the Company's seal affixed.

## 7.2 The following member of the Audit and Corporate Governance Committee has an experience in reviewing financial statements.

Member of the Audit and Corporate Governance Committee	Experience in reviewing financial statements
Assoc.Prof Naris Chaikasoot, Ph.D. (The Chairman of the Audit and Corporate Governance Committee)	was Director General, Treasury Department, Ministry of Finance / Chairman, Government Housing Bank / Chairman, Export-Import Bank of Thailand etc.

## 7.3 Procedure for Independent Director Nomination

The Nomination Committee shall have the duty to recruit qualified persons and propose names of suitable candidates to the Board for consideration. The qualification of directors must conform to SEC regulations, and they must be knowledgeable and possess the relevant experience beneficial to the Company.

## 7.4 The Number of Board Meetings and the Attendance of Directors

In 2022, the Board of Directors held 9 meetings, with attendance of each member shown as below:

Name	Attendance / Total Meetings
(1) Assoc.Prof Naris Chaikasoot, Ph.D.	9/9
(2) Ms. Anchalee Suebchantasiri	6/9
(3) Mr. Sangiam Santad	9/9
(4) Mr. Wasin Patchakapati	9/9
(5) Mr. Whang Shang Ying	8/9
(6) Ms. Piyathida Sukchan	9/9
(7) Mr. Ampol Simarojana	9/9

## 7.5 Names and Positions of the Executives

Name	Position
(1) Ms. Anchalee Suebchantasiri	Managing Director
(2) Ms. Piyathida Sukchan	Executive Director
(3) Mr. Supoch Pangjan	Factory Manager
(4) Mr. Wisarn Petsai	Estate Manager
(5) Mr. Winai Yamhom	Estate Manager
(6) Mr. Charan Intharat	Estate Manager
(7) Mr. Nattaporn Thawornyuttitam	Human Resources and Administration Manager
(8) Ms. Pitchayaporn Boonsindh	Analysis Account Manager

## 7.6 The Criteria on recruiting Directors and Executives

The Nomination Committee is to recruit the suitable candidates to replace directors whose terms are expired in April 2023 by including the consideration of candidates proposed by shareholders under the rules and criteria regarding director nomination before submitting to the Board for further consideration. The Board shall submit a list of suitable candidates to the shareholders' meeting for final approval. The qualification of such persons must conform to SEC regulations, and they must be knowledgeable and possess the relevant experience beneficial to the Company.

The qualifications of Independent Directors were presented in under “**Report on Key Operating Results Related to Corporate Governance**”.

In accordance with the Company's Articles of Association, the Company has not determined the number of directors based on proportionate shareholdings in the Company but the election for directors can be done as cumulative voting, which will allow shareholders to vote electing Directors based on proportionate shareholdings.

## 7.7 Directors and Executives holding shares in the Company

Name	No. of shares as at 31 December 2021	Increase (Decrease) in no. of shares during the financial year	No. of shares as at 31 December 2022
(1) Assoc.Prof Naris Chaiyasoot, Ph.D.	-	-	-
(2) Ms. Anchalee Suebchantasiri	-	-	-
(3) Mr. Sangiam Santad	-	-	-
(4) Mr. Wasin Patchakapati	-	-	-
(5) Mr. Whang Shang Ying	-	-	-
(6) Ms. Piyathida Sukchan	-	-	-
(7) Mr. Ampol Simarojana	-	-	-
(8) Mrs. Sutida Boonjaroen	100	-	100
(9) Mr. Supoch Pangjan	-	-	-
(10) Mr. Wisarn Petsai	-	-	-
(11) Mr. Winai Yamhom	-	-	-
(12) Mr. Charan Intharat	-	-	-
(13) Mr. Nattaporn Thawornyuttitam	-	-	-
(14) Ms. Pitchayaporn Boonsindh	-	-	-



## 7.8 Company Secretary

### Mrs. Sutida Boonjaroen

Age 48 years

Shareholdings (Ordinary Shares)

- Held personally 100 shares (0.00003%)
- Held by spouse or minor children None

Family relation with management None

Education : Bachelor of Liberal Arts, Thammasat University

Director Training Program : None

Other Experience

- ☒ Export Supervisor, Lam Soon (Thailand) PCL.
- ☐ Secretary, Finance and Accounting Department, Lam Soon (Thailand) PCL.

**Note** : ☒ ***present*** ☐ ***past***

## 7.9 Personnel

### 7.9.1 Number of Employees

As at 31 December	Number of employees	
	2022	2021
Office	29	21
Factory	84	82
Plantation	159	174
Total	272	277

### 7.9.2 Remuneration for Employee and Forms of Remuneration

Total remuneration for employee was at 86.23 million Baht (2021: 89.36 million Baht) paid in forms of wage, salary, bonus, overtime pay, residence, and provident fund.

### 7.9.3 Provident Fund

As at 31 December 2022, there were 138 from a total of 138 eligible employee joining the provident fund, accounting to 100%. The fund has been managed by Kasikorn Asset Management Co., Ltd. The information of the fund aligning to the Investment Governance Code (I Code) has been disclosed, as well focusing on the investment by considering ESG (Environmental, Social, and Governance).

### 7.9.4 Human Resources Development Policy

The Company commits to support and maintain working environment enhancing their efficient contributions. The Company engages in teamwork building and continuous improvement to ensure high performance of human resources as it is believed that the continuous development would strengthen their capability and competence, following an increase in efficiency of the operation and serving customer satisfaction along with building awareness of all employees on the professional ethic.

The Company focuses on human resource development covering three areas: knowledge and competence development in Functional/Technical Skills, development of Management Skills, and development of Leadership Skills. Due to the coronavirus pandemic, coaching, mentoring, and On Job Training (OJT) (in-house and public training) are still carried on regularly through self-learning and under several online meeting platforms, e.g., Microsoft Teams and Zoom.

The next phase is to review and formulate an Individual Development Plan (IDP), starting in 2021, at the manager level that will also develop for others.

In 2022, the average training hours of employees was 13.14 hours / person and there were a total of 25 training courses provided to employees including the training on environmental management. The training courses included the issue of Roundtable of Sustainable Palm Oil (RSPO) and environmental management by focusing on the maximum benefit of resource usage. Furthermore, the Company applies various media used in public relations, providing knowledge and understanding about energy savings and environmentally friendly, which are communicated directly and through the training in following major courses:

- **Environmental Management Course for ISO 14001 and Roundtable of Sustainable Palm Oil (RSPO)** is to provide the knowledge about environmental management and RSPO to meet the standard. All new employees are required to learn the environmental management and RSPO. In 2022, there were 99 employees attending these courses.
- **Occupational Safety Course** is to provide the knowledge about practice and compliance with rules and regulations including the law related to the safety standard. In 2022, there were 55 employees attending this course.

In addition, the Company arranges training courses about **Code of Business Conduct** and **Anti-Corruption Policy** for employees on monthly basis. In 2022, there were 60 employees attending this course.

## 7.10 Details of Board of Directors and Executives

### (1) Assoc.Prof Naris Chaayasoot, Ph.D.

Independent Director, Chairman of the Board, Chairman of Audit and Corporate Governance Committee, Member of Remuneration Committee and Member of Nomination Committee

Age 68 years  
 Nationality Thai  
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

#### Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

#### The number of directorships in listed companies

- Chairman 3 companies
- Director 1 company

Number of years as a director 2 years (date of appointment: 23 April 2021)

Family relation with management None

Education Ph.D., Economics, University of Hawaii  
 Master's Degree, Economics (English Program), Thammasat University  
 Bachelor's Degree, Economics (Second-honors), Thammasat University

Director Training Program Certificate of Completion RCP 45/2019, AACP 29/2018, CDC 3/2008, DCP 82/2006, DAP 32/2005 and FND 19/2005, from Thai Institute of Directors (IOD)

#### Position in other listed companies

- Chairman and Independent Director, AP (Thailand) Public Company Limited
- Chairman, Independent Director and Member of Audit Committee, Banpu Power Public Company Limited
- Independent Director, Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee Member, GMM Grammy Public Company Limited
- Chairman and Independent Director, Function International Co., Ltd.
- Independent Director and Chairman of Audit Committee, Fortune Parts Industry Public Company Limited
- Director, Thai Oil Public Company Limited
- Acting Chairman and Director, PTT Public Company Limited

#### Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None
- others None

#### Other Experience

- Chairman, Travelex (Thailand) Company Limited
- Chairman, RX Company Limited
- Chairman, R.X. Manufacturing Co., Ltd.
- Executive Chairman, Thammasat Leadership Program Institute

**Note :** ■ *present* □ *past*

- Executive Director, Fiscal Policy Research Institute Foundation
- Director, Thammasatchalermprakeit Hospital Foundation
- Vice President, American University Alumni Association under the Royal Patronage (AUAA)
- Director, Thammasat Department of Anandamahidol Foundation
- ☐ Director General, Treasury Department, Ministry of Finance
- ☐ Chairman, Government Housing Bank
- ☐ Chairman, Export-Import Bank of Thailand
- ☐ Board member, Government Savings Bank
- ☐ Board member, Neighboring Countries Economic Development Cooperation Agency (Public Organization)
- ☐ Chairman, Deposit Protection Agency of Thailand
- ☐ Chairman, SME Bank
- ☐ Chairman, Small Industry Credit Guarantee Corporation
- ☐ Chairman, Thai Asset Management Corporation
- ☐ Chairman, Secondary Mortgage Corporation
- ☐ Board member, Thai Capital market Agency
- ☐ Board member, Financial Institution Policy Committee
- ☐ Board member, Government pension Fund
- ☐ Chairman, Dhanarak Asset Development Co., Ltd.

#### Meeting Attendance in 2022

- Attended the Board Meeting 9 times out of 9 times
- Attended the AC Meeting 10 times out of 10 times
- Attended the RC Meeting 2 time out of 2 time
- Attended the NC Meeting 2 time out of 2 time

#### (2) **Ms. Anchalee Suebchantasiri**

Vice-Chairman of the Board of Directors and Managing Director

Age 64 years

Nationality Thai

Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

#### Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

#### The number of directorships in listed companies

- Chairman 0 company
- Director 1 company

Number of years as a director 20 years (date of appointment: 18 June 2003)

Family relation with management None

Education Bachelor's degree in Accountancy, Thammasat University

Director Training Program Certificate of Completion DCP 36/2003 and CSP 26/2008 from Thai Institute of Directors (IOD)

#### Other Experience

- Director, Lam Soon Holding Co., Ltd.
- Director, Bangkok Edible Oil Co., Ltd.
- Director, Phansrivivat Co., Ltd.

**Note :** ■ **present** ☐ **past**



- Director, Phansri Co., Ltd.
- Director, Prachakvivat Co., Ltd.
- Chairman of Board of Directors, Siam Elite Palm Co., Ltd.

Position in other listed companies

- ☐ Managing Director, Lam Soon (Thailand) Plc.

Meeting Attendance in 2022

- Attended the Board Meeting 9 times out of 6 times

**(3) Mr. Sangiam Santad**

Independent Director, Member of Audit and Corporate Governance Committee, Chairman of Remuneration Committee and Chairman of Nomination Committee

Age 76 years  
 Nationality Thai  
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None  
 - Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company  
 - Director 1 company

Number of years as a director 11 years (date of appointment : 27 April 2012)

Family relation with management None

Education M.P.A., National Institute of Development Administration

Bachelor's Degree in Law, Ramkhamhang University

The State Private & Political Sectors Course (Class of the 1<sup>st</sup>, 2003), National Defense College

Director Training Program Certificate of Completion DAP 22/2004 and DCP 51/2004 from Thai Institute of Directors (IOD)

Position in other listed companies

- ☐ Director and member of the Audit Committee, T.K.S. Technology Plc.  
☐ Director and member of the Audit Committee, IRPC Plc.  
☐ Director, TISCO Bank Plc.

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None  
 - others None

Other Experience

- ☐ Director, King Prajadhipok Institute's Society  
☐ Director, Neighboring Countries Economic Development Cooperation Agency  
☐ Director, Provincial Electricity Authority  
☐ Director, Dairy Farming Promotion Organization of Thailand  
☐ Inspector General, the Ministry of Finance  
☐ Legal Advisor, the Ministry of Finance  
☐ Director of Regional Customs Bureau 1

**Note :** ■ **present** ☐ **past**

☐ Secretary to the Customs Department

Meeting Attendance in 2022

- Attended the Board Meeting 9 times out of 9 times
- Attended the AC Meeting 10 times out of 10 times
- Attended the RC Meeting 2 times out of 2 times
- Attended the NC Meeting 2 times out of 2 times

**(4) Mr. Wasin Patchakapati**

Independent Director, Member of Audit and Corporate Governance Committee, Member of Remuneration Committee and Member of Nomination Committee

Age 69 years  
 Nationality Thai  
 Address 70/370 Chollada-Raminthra,  
 Soi Kanchanaphisek 7, Raminthra Road,  
 Khan Na Yao, Bangkok 10230

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company
- Director 1 company

Number of years as a director 7 years (date of appointment : 26 April 2016)

Family relation with management None

Education Bachelor's Degree in Engineering,  
 Chulalongkorn University

Director Training Program None

Position in other listed companies None

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None
- others None

Other Experience

- ☐ Director, Phansrivivat Co., Ltd.
- ☐ Director, Phansri Co., Ltd.
- ☐ Director, Prachakvivat Co., Ltd.

Meeting Attendance in 2022

- Attended the Board Meeting 9 times out of 9 times
- Attended the AC Meeting 10 times out of 10 times
- Attended the RC Meeting 2 times out of 2 times
- Attended the NC Meeting 2 times out of 2 times

**(5) Mr. Whang Shang Ying**

Director, Member of Remuneration Committee and Member of Nomination Committee

Age 62 years  
 Nationality Singaporean  
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea,  
 Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None

**Note :** ☒ **present** ☐ **past**

- Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company

- Director 2 companies

Number of years as a director 24 years (date of appointment : 26 April 1999)

Family relation with management None

Education Bachelor of Arts (Hons.) in Law,  
Oxford University, United Kingdom

Director Training Program None

Position in other listed companies

■ Executive Director, Lam Soon (Thailand) Plc.

□ Director, Jurong Cement Limited, a public listed company in Singapore

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None

- others

■ Executive Director, Lam Soon (Thailand) Plc.

■ Chairman and Executive Director, Universal Food Plc.

■ Director, Lam Soon Holding Co., Ltd.

■ Director, Bangkok Edible Oil Co., Ltd.

■ Executive Chairman, Lam Soon (M) Berhad

■ Executive Chairman, Lam Soon Singapore Pte Ltd.

Other Experience

■ Member of the Board of Governors, Singapore Polytechnic  
(Ending 31 March 2021)

■ Member of the Advisory Board, Asian Civilizations Museum, Singapore  
(Ending 31 December 2021)

■ Member of ECR Singapore Board

■ Director, National Gallery Singapore

Meeting Attendance in 2022

- Attended the Board Meeting 9 times out of 8 times

- Attended the RC Meeting 2 times out of 2 times

- Attended the NC Meeting 2 times out of 2 times

**(6) Ms. Piyathida Sukchan**

Executive Director

Age 54 years

Nationality Thai

Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea,  
Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None

- Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company

- Director 2 companies

Number of years as a director 20 years (date of appointment : 18 June 2003)

Family relation with management None

Education M.A. in Development Economics,  
National Institute Development Administration  
B.A. in Economics (Finance),  
Thammasat University

**Note :** ■ **present** □ **past**

Director Training Program Certificate of Completion DCP 36/2003 from Thai Institute of Directors (IOD)  
 Certificate of Thai Intelligent Investors 1/2012 (TIIP1) from Thai Investor Association and Stock Exchange of Thailand  
 Company Secretary Program (CSP) 114/2020 from Thai Institute of Directors (IOD)

Position in other listed companies

- ☒ Executive Director and Company Secretary, Lam Soon (Thailand) Plc.

Other Experience

- ☒ Director, Lam Soon Holding Co., Ltd.  
☒ Director, Bangkok Edible Oil Co., Ltd.  
☒ Director, Phansrivivat Co., Ltd.  
☒ Director, Phansri Co., Ltd.  
☒ Director, Prachakvivat Co., Ltd.  
☒ Director, Siam Elite Palm Co., Ltd.  
☐ Assistant Vice President for Securities Analysis Dept, Cathay Capital Co., Ltd.

Meeting Attendance in 2022

- Attended the Board Meeting 9 times out of 9 times

**(7) Mr. Ampol Simarajana**

Non-Executive Director

Age 66 years  
 Nationality Thai  
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None  
 - Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company  
 - Director 2 companies

Number of years as a director 5 years (date of appointment: 20 June 2018)

Family relation with management None

Education Bachelor of Science (Chemical Engineering), Chulalongkorn University

Director Training Program Certificate of Completion DCP 37/2003 from Thai Institute of Directors (IOD)

Position in other listed companies

- ☒ Non-Executive Director and Operations Consultant, Lam Soon (Thailand) Plc.  
☐ Executive Director, Lam Soon (Thailand) Plc.

- ☐ Executive Director, United Palm Oil Industry Plc.

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None  
 - others

- ☒ Non-Executive Director and Operations Consultant, Lam Soon (Thailand) Plc.

Other Experience

- ☒ Director, Siam Elite Palm Co., Ltd.  
☐ Director, Lam Soon Holding Co., Ltd

**Note :** ☒ **present** ☐ **past**

☐ Manager of Melting Division, Siam Asahi-Technoglass Co., Ltd.  
Meeting Attendance in 2022  
- Attended the Board Meeting 9 times out of 9 times

**(8) Mrs. Sutida Boonjaroen**

Company Secretary

Age 48 years

Shareholdings (Ordinary Shares)

- Held personally 100 shares (0.00003%)
- Held by spouse or minor children None

Family relation with management None

Education : Bachelor of Liberal Arts, Thammasat University

Director Training Program : None

Other Experience

- ☐ Export Supervisor, Lam Soon (Thailand) PCL.
- ☐ Secretary, Finance and Accounting Department, Lam Soon (Thailand) PCL.

**(9) Mr. Supoch Pangjan**

Factory Manager

Age 46 years

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

Family relation with management None

Education Bachelor of Electrical Engineering,  
King Mongkut's University of Technology North  
Bangkok

Other Experience

- ☐ Mill Manager, Lam Soon (Thailand) PCL. (Trang)
- ☐ Assistant Engineering Manager, GFPT PCL.
- ☐ Engineer, ONPA Co., Ltd.

**(10) Mr. Wisarn Petsai**

Estate Manager

Age 59 years

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

Family relation with management None

Education Bachelor of Science (Agriculture),  
Prince of Songkhla University

Other Experience None

**(11) Mr. Winai Yamhom**

Estate Manager

Age 64 years

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

Family relation with management None

**Note :** ■ *present* □ *past*

Education	Graduate Diploma in Teaching Profession, Phuket Rajabhat University
Other Experience	None

**(12) Mr. Charan Intharat**

Estate Manager

Age	60 years
-----	----------

Shareholdings (Ordinary Shares)

- |                                    |      |
|------------------------------------|------|
| - Held personally                  | None |
| - Held by spouse or minor children | None |

Family relation with management	None
---------------------------------	------

Education	Bachelor of Plant Science, Maejo University
-----------	---

Other Experience	None
------------------	------

**(13) Mr. Nattaporn Thawornyuttitam**

Human Resources and Administration Manager

Age	49 years
-----	----------

Shareholdings (Ordinary Shares)

- |                                    |      |
|------------------------------------|------|
| - Held personally                  | None |
| - Held by spouse or minor children | None |

Family relation with management	None
---------------------------------	------

Education	Bachelor of Political Science, Prince of Songkhla University
-----------	--

Other Experience

- ☐ Human Resources Manager, Crystal Hotel Hat Yai
- ☐ Human Resources Division Manager, ACK Food Tech Co., Ltd.

**(14) Ms. Pitchayaporn Boonsindh**

Analysis Account Manager

Age	40 years
-----	----------

Shareholdings (Ordinary Shares)

- |                                    |      |
|------------------------------------|------|
| - Held personally                  | None |
| - Held by spouse or minor children | None |

Family relation with management	None
---------------------------------	------

Education	Bachelor of Accounting, Thammasat University
-----------	---

Other Experience

- ☐ Analysis Account Manager, Lam Soon (Thailand) PCL.
- ☐ Assistant Account Manager, Toyota Daihatsu Engineering and Manufacturing Co., Ltd
- ☐ Assistant Senior Auditor , EY Office Limited

**Note :**    ☒ **present**    ☐ **past**



## 7.11 Directors and the Executives having positions in subsidiaries and related companies

As at 31 December 2022, Directors and the Executives having positions in subsidiaries and related companies were as follows: -

Name	Company	Related Company			Subsidiaries			Joint Venture
		LST	UFC	UNF	Phansrivivat Co., Ltd.	Phansri Co., Ltd.	Prachakvivat Co., Ltd.	Siam Elite Palm Co., Ltd.
(1) Mr. Whang Shang Ying	/	//	*	*				
(2) Ms. Anchalee Suebchantasiri	//				/	/	/	*
(3) Ms. Piyathida Sukchan	//	//			/	/	/	//
(4) Mr. Ampol Simarojana	/	/						/

**Notes** \* : Chairman of Board of Directors LST : Lam Soon (Thailand) Plc.  
 / : Director UFC : Universal Food Plc.  
 // : Executive Director UNF : Union Frost Co., Ltd.

### 7.11.1 Details of the Directors of Subsidiaries

Since the Company's subsidiaries recorded revenue not higher than 10% of total revenue based on consolidated statement of comprehensive income for 2022, those were considered as non-significant subsidiaries according to the announcement of the SEC. Therefore, the Company did not disclose the details of the directors of subsidiaries.

## 7.12 Details of the Head of Controlling System and Internal Audit Function

In order to have an independent internal auditing which can be fully functioning, the Audit and Corporate Governance Committee arranged for the Company to hire an outside firm and resolved to appoint Dr. Virach and Associates Office Co., Ltd. which is an audit firm in the list approved by the SEC to be an outsourced internal auditor, to ensure that the operations, financial activities of the Company have complied with the guidelines effectively, including compliance with the law and regulations (Compliance Controls). The internal auditor shall report directly to the Audit and Corporate Governance Committee every quarter under the annual contract.

## Details of Internal Auditor : Mr. Apiruk Ati-anuwat

Audit partner Dr. Virach and Associates Office Co., Ltd.

Age : 52 years  
 % of share holding : None  
 Family relation with management : None  
 Education : MBA., Ramkhamhaeng University  
 B.B.A. (Accounting), Ramkhamhaeng University  
 LL.B., Thammasat University  
 Certified Public Accountant  
 Training Course : COSO Internal Control System  
 (The Committee of Sponsoring Organization of  
 the Treadway Commission)  
 Evaluation of internal control system COSO-  
 ERM  
 (The Committee of Sponsoring Organization of  
 the Treadway Commission – Enterprise Risk  
 Management)  
 Duties and responsibilities : Design the annual internal audit plan  
 Review risk assessment of the internal control  
 system  
 Submit the finding reports to the Audit and  
 Corporate Governance Committee  
 Present Experience :  
 ■ Audit partner Dr. Virach and Associates Office Co., Ltd.  
 ■ Internal auditor, United Palm Oil Industry Plc., 23 years  
 ■ Internal auditor, Lam Soon (Thailand) Plc., 18 years

**Note** : ■ ***present*** □ ***past***

## **8. Report on Key Operating Results Related to Corporate Governance**

### **8.1 Summary of duty performance of the Board of Directors in the past year**

In 2022, the Board of Directors holds 9 meetings to establish policies and strategies to enhance the Company's capabilities and monitor its performance and status. It also closely monitored the Company's performance and financial status in order to ensure that the Company smoothly overcomes the crisis, the COVID-19 pandemic. In addition, the Company maintained the efficiency of supervision and sufficiency of an internal control system and corporate risk management by organising sub-committees meetings as well.

#### **8.1.1 Selection, development and evaluation of duty performance of the Board of Directors**

**The Board has set the qualification of the independent directors as follow:**

- (1) Holding shares not exceeding 0.5% of the total number of voting rights of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling persons, including the shares held by related persons of the independent director.
- (2) Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, associate, joint venture, subsidiary in the same level, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of application filing with the Office. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.
- (3) Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children of other directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its subsidiary.
- (4) Neither having nor having had a business relationship with the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor having been a significant shareholder or controlling person of any person having business relationship with the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person unless the foregoing relationship has ended not less than 2 years prior to the date of application filing with the Office.

The term 'business relationship' in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of

financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or his counterparty being subject to indebtedness payable to the other party in the value of three percent (3%) or more of the net tangible assets of the Company or 20 million Baht or more, whichever is lower.

The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.

- (5) Neither being nor having been an auditor of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person unless the foregoing relationship has ended not less than 2 years prior to the date of application filing with the Office.
- (6) Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years prior to the date of application filing with the Office.
- (7) Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.
- (8) Not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, not being a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 0.5% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.
- (9) Not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

In the case where the person appointed by the Company as independent director has or used to have a business relationship or provide professional service exceeding the value specified under (4) or (6) of the first paragraph, the Company shall be granted an exemption from such prohibition only if the Company has provided the opinion of the Company's Board of Directors indicating that, by taking into account the provision in Section 89/7, the appointment of such person does not affect performing of duty and

expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders' meeting under the agenda for the appointment of independent director.

- a) The nature of the business relationship or professional service which such person's qualification not in compliance with the prescribed rules.
- b) The reason and necessity for maintaining or appointing such person as independent director.
- c) The opinion of the Company's Board of Directors for proposing the appointment of such person as independent director.

For the purpose of (5) and (6) of the first paragraph, the term "partner" shall mean a person assigned by audit firm or a provider of professional service to sign on the audit report or the professional service report (as the case may be) on behalf of such juristic person.

The Board has set the criterion for the amount of shareholding allowed to an independent director to be more stringent than laid out by the SEC i.e. the Company's independent directors are allowed to hold the Company's shares not exceed 0.5%.

## **8.2 Selection of directors and chief executives**

### **8.2.1 Structure of the Board**

According to the Articles of Association of the Company, The Board composes of not less than 5 Directors. The Board of Directors must be qualified and not subject to the prohibitions under the law of public company limited and other relevant laws. In addition, the Board composition shall have a wide range of skills, experiences, abilities and specific characteristic as well as gender and age. At least one-third of the total number of directors are independent directors. Independent directors shall not be less than 3 persons, and must be complied with the qualification announced by SEC.

### **8.2.2 Duties and Responsibilities of the Board**

- (1) To review and approve the vision, mission, strategy, objectives, risk, plan and budget of the Company.
- (2) To control and supervise the management in the implementation of the business plan to achieve the objectives and increase the wealth for the shareholders.
- (3) To set a Corporate Governance Code and encourage every employee in the organization to implement the Code, assessment of Code implementation and reviewing the Code at least once a year.
- (4) To set a code of business conduct to cover all levels of personnel namely, directors, executives, and employees. To encourage all persons in the Company to comply with the policy, monitoring of implementation and assessment of effectiveness of the implementation regularly.

- (5) To set up internal control system, internal auditing, and measures for risk management as well as regularly monitoring the same.
- (6) To appoint sub-committees, assignment of roles, duties and responsibilities of each sub-committee.
- (7) To have clear communication regarding the roles, duties and responsibilities of the Board, Audit and Corporate Governance Committee, Remuneration Committee, Nomination Committee, Risk Management Committee, Management and employees.
- (8) To be responsible for the disclosure of the Company's financial status in the Financial Statements of the Company and its subsidiaries, in the annual registration statement (Form 56-1 One Report) as well as disclosure of information to meet the requirement of law and relevant government authorities.
- (9) To set guideline for reviewing the suitability of transaction with potential conflict of interest.
- (10) To arrange at least one board meeting in every quarter, and convene the shareholders' meeting at least once a year.
- (11) At a meeting of the Board of Directors, there must be present not less than one half of the total number of directors to form a quorum.
- (12) In the event that the Chairman is absent or is unable to perform his duties, if there is a Vice-Chairman, the Vice-Chairman shall be the chairman of the meeting. In the absence of the Vice-Chairman or if the Vice-Chairman is unable to perform his duties, the directors present at the meeting shall elect one among themselves to be the chairman of the meeting.
- (13) Such other duties and responsibilities stipulated by law, the Articles of Association, and resolutions passed at shareholders' meeting.

### **8.3 Scope of Authority of the Board of Directors**

- 8.3.1 Each director shall have one vote and decisions of the meeting shall be by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have an additional casting vote. In case of a vacancy on the Board of Directors otherwise than by rotation, the resolution of the Board of Directors must be passed by a vote of not less than three-fourths of the number of subsisting directors.
- 8.3.2 Director who has a personal interest in any matter shall have no right to vote on such matters.
- 8.3.3 Two directors shall be authorized to jointly sign together with the Company's seal affixed. However, the Board of Directors may specify names of the directors authorized to sign and bind the Company together with the Company's seal affixed.
- 8.3.4 The Board of Directors may appoint other persons to carry out the Company's business under the Board of Directors' supervision or may confer upon such other persons such powers as they think fit and for such time as they think expedient and any revoke, withdraw, alter or vary any such powers.
- 8.3.5 The Board of Directors may pay interim dividends to the shareholders from time to time when the Board of Directors finds the Company has sufficient profit and a report thereof shall be made to the shareholders' meeting at the next meeting.



- 8.3.6 Although various transactions are under the authority of the Board of Directors, there are the following cases stated in the Articles of Association to be conducted at the shareholders' meeting.
- (1) Reviewing the report of the Board of Directors covering the work done during the preceding year as proposed to the meeting by the Board of Directors.
  - (2) Considering and approving the statements of financial position and statements of comprehensive income of the preceding fiscal year.
  - (3) Considering the appropriation of profits, reviewing directors' remuneration and the appropriation of a reserved fund.
  - (4) Election of new directors in place of those who must retire on the expiration of their terms.
  - (5) Appointment of the auditor and fixing his remuneration.
  - (6) The sales or transfer of the whole or substantial part of the business of the Company to other persons.
  - (7) The purchase or acceptance of transfer of business of other companies or private companies to the Company.
  - (8) The making, amendment or termination of contracts relating to the leasing out of the whole or substantial part of the businesses of the Company, the assignment to any other persons to manage the businesses of the Company, or the consolidation of the business with other persons with an objective towards profit and loss sharing.
  - (9) The amendment of Memorandum or Articles of Association.
  - (10) The increase or decrease in the Company's capital or the issuance of debentures.
  - (11) The amalgamation or dissolution of the Company.
  - (12) Other businesses.

## 8.4 The Chairman of the Board

The Chairman of the Board shall be an independent director or non-executive director. The Chairman must be a different person from the Managing Director so that the two roles are clearly separated. The duties and responsibilities are as follows:

- 8.4.1 In calling a board meeting, the Chairman or assigned delegate shall serve a written notice calling for such meeting to members of the Board not less than 7 days prior to the date of the meeting so that the directors may have adequate time to study, review, and make proper decisions. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and the date of the meeting may be sooner fixed.
- 8.4.2 Jointly with the Managing Director, defines the agenda of each meeting.
- 8.4.3 To ensure the efficiency of each meeting by allocating enough time for the executives to present information, encouraging and allowing directors' queries and expression of free views, controlling the issues under discussion, and summarizing the meeting's resolutions.

- 8.4.4 To play a key role in encouraging the Board of Directors' conformance to corporate governance principles, including identifying themselves, refraining from voting, and leaving the meeting in case of having conflicts of interest in any agenda.
- 8.4.5 To inform the Board of Directors all significant matters.
- 8.4.6 To encourage the Board of Directors to attend shareholders' meeting and preside over such meeting to ensure the meeting efficiency and address shareholders' queries.
- 8.4.7 To encourage the Board of Directors to perform their duties under the scope of authority given by laws, and the corporate governance.

## 8.5 The Managing Director

The Managing Director is assigned by the Board of Directors to conduct the Company business under the approved plans and budgets with rigor, integrity and the duty of good corporate governance to ensure that the Company, shareholders and stakeholders are properly and fairly engaged in the business including the disclosure of general information and financial information of the Company in accordance with good practices and does not have any interest or conflict of interest with the Company and its subsidiaries.

## 8.6 Company Secretary

The Company shall appoint a Company Secretary in accordance to section 89/15 of the Securities and Exchange Act B.E. 2551 with the following duties and responsibilities:

- 8.6.1 To prepare and keep the following documents:
  - a register of directors.
  - a notice calling the Board and shareholders' meetings.
  - a minute of meeting of the Board of Directors and meeting of shareholders.
  - an annual registration statement (Form 56-1 One Report) of the Company.
- 8.6.2 To follow-up and ensure implementation of the resolutions of the Board and shareholders' meetings.
- 8.6.3 To keep a report on interest filed by a director or an executive and submit a copy of report to the Chairman of the Board and the Chairman of Audit and Corporate Governance Committee within 7 business days from the date on which the Company has received such report.
- 8.6.4 To advise directors with regard to the law and relevant regulation as well as to supervise and oversee to ensure that the Company, the Board of Directors, and the executives comply to all the laws and regulations.
- 8.6.5 To ensure the disclosure of information according to the regulations of the SET, the SEC and other relevant laws.
- 8.6.6 To liaise with relevant regulatory bodies.
- 8.6.7 To do other things assigned by the Board and/or performing any other acts as specified in the notification of the Capital Market Supervisory Board.

In addition, the Company Secretary is assigned to function as a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act, and other related laws.

## **8.7 Director's Term of Office**

According to the Article 12 of the Articles of Association of the Company, in every Annual General Meeting of Shareholders, a new board of directors shall be elected.

## **8.8 Directors Concurrently Being Directors of Other Companies**

To ensure that directors have sufficient time to perform his duties fully, the Company has set the number of companies allowed for directors to be directors of listed companies not more than 5 companies.

The Company does not set limit for being directors in other non-listed companies because most of Executive Directors are directors of subsidiaries, associates, joint venture, or related companies.

## **8.9 Board of Directors' Meeting**

The Company shall meet at least once in every quarter provided always that the Chairman of the Board may call special meetings as he deems necessary. Two or more directors may ask the Chairman of the Board to convene a Board of Directors' meeting. In the event a meeting is required by at least 2 directors, the date of the meeting shall be fixed within 14 days from the date of receipt of the request.

In case of regular meetings, the meeting schedule shall be set in advance annually and inform to each director in November every year.

The Company Secretary shall set agenda required to comply with the law and related regulations. Other agendas shall be jointly set by the Chairman and the Managing Director. Each director may also propose agenda items for the meeting by sending the agenda items through the Company Secretary 14 days prior to the meeting date. The Company Secretary shall collect all the proposed agenda items for the Chairman consideration before including them in the meeting agenda.

The Company shall send to all directors meeting document with the meeting notice, clearly stating the matter as for information, for approval or for consideration as the case may be, at least 7 days prior to the meeting date to enable each director to have time to study the information before the meeting. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and the date of the meeting may be sooner fixed. During the meeting, the Chairman will allocate sufficient time for the management to present detail information and answer additional questions from the directors, and allow sufficient time for the directors to the matters.

Furthermore, the Chairman allows each director to express his/her opinions freely. In case of a director having a stake in a matter being considered, the director shall inform the meeting of such stake and shall not participate in discussing the matter and not exercise the voting right on the matter.

The minutes of the meeting shall be in writing stating the date, time of meeting commencement and termination, names of directors attending the meeting and directors absent from the meeting, summary of topics and issues as well as observation of the directors, resolutions and opinion of dissenting directors, name of persons recording the minutes and certifying the minutes. After being confirmed, the minutes shall be kept by the Company Secretary and will be ready for examination by related parties.

## 8.10 Development of directors in the past year

In 2022, director who attended the major training sessions was as follows:

No.	Director	Position	Training Session	Objectives
1	Ms. Piyathida Sukchan	Executive Director	Thammasat Leadership Program (TLP. 18), during 15 November 2021 – 21 February 2022  New CGR : next step of enhancing the Corporate Governance and moving forward to the sustainability of organization, from the SET joining with Thai Institute of Directors (IOD)	To understand new concepts and goals in the organization management under the current situation, including exchange new knowledges and experiences, and to build a relationship network in the class, leading to collaboration for social and community development.  To understand CGR 2023 criteria, the essence of which relates to upgrading the Corporate Governance of listed companies to be in line with the updated trend, including the revision to reflect the ESG concept.
2.	Mr. Ampol Simarojana	Non-Executive Director	Thammasat Leadership Program (TLP) No. 18, during 15 November 2021 – 21 February 2022	To understand new concepts and goals in the organization management under the current situation, including exchange new knowledges and experiences, and to build a relationship network in the class, leading to collaboration for social and community development.

## 8.11 Performance Evaluation of the Board

In 2022, the Company conducted self-assessment of the Board of Directors and Sub-Committees as a whole as well as on individual basis. For the assessment process, the Company Secretary shall submit the Board Self-Assessment Form, issued by the SET, to each Board member at the end of the year, then gather the data and report the result to the Board.

### (1) Self-Assessment form of the Board of Directors as a whole

Self-Assessment of the Board of Directors as a whole, has been implemented to evaluate performance of the Board as a whole by applying the guideline from the SET with the nature and structure of the Board. The result of the assessment is served as a tool for the Board of Directors to review its own duty and further enhancing the efficiency and effectiveness. Six categories of the assessment of opinion and action level are as follows:

Categories of the assessment	Scores (%)
1. Board structure and qualifications	85.99
2. Roles, duties and responsibilities of the Board	86.96
3. The Board Meeting	96.03
4. Duties of directors	90.82
5. Relationship with management	88.57
6. Director's self-improvement and management training	88.10
<b>Average Scores</b>	<b>88.81</b>

In 2022, overall evaluation results of the six categories indicated **"Very Good"**.

### (2) Self-Assessment form of Sub-Committees as a whole

Self-Assessment of Sub-Committees as a whole has been implemented to evaluate performance of Sub-Committees as a whole by applying the guideline from the SET with the nature and structure of Sub-Committees. The result of the assessment is served as a tool for Sub-Committees to review its own duty and further enhancing the efficiency and effectiveness. Seven categories of the assessment of opinion and action level are as follows:

Categories of the assessment	Scores (%)
1. Board structure and qualifications	93.88
2. Sub-Committees meeting conducted under the determined conditions	96.43
3. Audit Committee	96.43
4. Nomination Committee	87.50
5. Remuneration Committee	94.64



Categories of the assessment	Scores (%)
6. Corporate Governance Committee (under Audit Committee)	85.71
7. Risk Management Committee	82.86
<b>Average Scores</b>	<b>91.47</b>

In 2022, overall evaluation results of the seven categories indicated **“Very Good”**.

### (3) Self-Assessment form of the Board of Directors and Sub-Committees (individual basis)

Self-Assessment of the Board of Directors and sub-committees (individual basis) has been implemented to evaluate performance of individual director as a tool for reviewing his/her own duty and further enhancing the efficiency and effectiveness. Categories of the assessment, in compliance with good corporate governance principles, are as follows:

Categories of the assessment	Scores (%)
1. Board structure and qualifications	85.71
2. The Board Meeting	96.43
3. Roles, duties and responsibilities of the Board	89.29
<b>Average Scores</b>	<b>91.23</b>

In 2022, overall evaluation results of the three categories indicated **“Very Good”**.

Remark: “Very good” has scored in the range of 81-100 scores.

**In sum, the score result of the Board Self-Assessment in 2022 was 89.95% (2021: 92.23%)**

## 8.12 Meeting attendance and remuneration payment to each Board member

### (1) Meeting attendance of each Board member

In 2022, the Board of Directors held 9 meetings. The attendance of each member is as follows:

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Assoc.Prof Naris Chaiyasoot, Ph.D.	Independent Director and Chairman of Board of Directors	2022-2023	9/9
(2) Mr. Sangiam Santad	Independent Director	2022-2023	9/9
(3) Mr. Wasin Patchakapati	Independent Director	2022-2023	9/9
(4) Mr. Whang Shang Ying	Director	2022-2023	8/9

Name	Position	Period of Directorship	Attendance / Total Meetings
(5) Ms. Anchalee Suebchantasiri	Managing Director	2022-2023	6/9
(6) Ms. Piyathida Sukchan	Executive Director	2022-2023	9/9
(7) Mr. Ampol Simarojana	Non - Executive Director	2022-2023	9/9

Non-executive directors may hold meetings among themselves without the management present at the meeting in order to discuss management issues of interest. The result of the meeting shall be reported to the Managing Director. In 2022 there was 1 meeting of non-executive directors which were not attended by executive directors, in relation to new accounting standards that would affect the Company including the collaboration of the management team working with the external auditor, and other general matters.

## (2) Remuneration of Directors and Executives

### • Remuneration of the Board of Directors

The Remuneration Committee shall consider the criteria and principle and the form of remuneration for directors and make its recommendation to the Board. The Remuneration of directors shall be approved by the shareholders' meeting. Comparison shall be made to other companies in the same industry, of the same experience, commitment, scopes of roles and responsibilities as well as the remuneration survey of other companies listed on the SET. The remuneration shall be set at a level sufficient to attract and retain qualified persons.

The Annual General Meeting of Shareholders No. 46 resolved to approve the remuneration payments for 2022 to the Company's directors as proposed by the Board. The remuneration was thoroughly and carefully considered by the Remuneration Committee all factors including comparison with other companies in the same industry as well as growth of business and operating results of the Company, as follows: -

Chairman	73,700 Baht/month
Executive Director	47,300 Baht/month each
Non-Executive Director	47,300 Baht/month each
Independent Director	50,600 Baht/month each
Audit and Corporate Governance Committee	52,800 Baht/month each

The above director remunerations were paid on monthly basis.

### ➤ Monetary Remuneration

- a. Director's fees : Total fees paid to all 7 members of the Board  
**6,270,000 Baht**

Remuneration of the Board of Directors and Sub-Committees	2022		2021	
	No. of Persons	Baht	No. of Persons	Baht
Board of Directors	7	4,369,200	8	4,369,200
Audit and Corporate Governance Committee	3	1,900,800	4	1,900,800
Remuneration Committee	4	-	5	-
Nomination Committee	4	-	5	-

- b. Directors' fees paid to the Company's Directors as Directors of subsidiaries and the joint venture

-- None --

➤ Other Remuneration

The Company has paid no other remuneration, except the cost of air-ticket and accommodation for directors residing outside Thailand who attend the meetings. The Company also takes out insurance against director liability for directors and executives. It is to cover the risk of directors and executives in performing duties for the Company. However, protection will not be provided in the case of wilful misconduct or gross negligence or any act in bad faith.

• **Remuneration of Executives**

The remuneration of Executives shall be in accordance with guidelines and policy set by the Remuneration Committee from time to time. The remuneration shall be commensurate to job scope competence and the performance of the Company. The Remuneration Committee shall recommend the appropriateness of remuneration to the Board for review and approval. The remuneration structure rewards individual performance and incentivizes the Executive Directors, Managing Director and key executives to act in support of the Company's objectives and goals, and fosters the long-term commitment of the Company performance.

In 2022 Executive Directors, Managing Director and Executives jointly defined Key Performance Indicators (KPIs) for assessment criteria used by the Remuneration Committee in assessing the performance of Executive Directors, Managing Director and Executives.

Remuneration	2022		2021	
	No. of Persons	Baht	No. of Persons	Baht
Executives	10	17,626,504	9	17,900,269

- a. Remuneration (salary and bonus) of all 10 Executives: 17,626,504 Baht\*
- b. Remuneration (salary and bonus) paid to the Company's Executive Directors and Executives as the Executives of Subsidiaries and the joint venture

-- None --

Apart from salary and bonus, other forms of remuneration include provident fund, Company's cars and the related expenses, residence, medical insurance, and accidental insurance. However, the Managing Director and Executive Director received no other forms of remuneration.

As for Provident Fund, the Executives have been paid at 5% of salary for Provident Fund, the same rate as other employees. However, no Provident Fund has been paid to Executive Directors.

\* Note : Remuneration of the Executives includes remuneration paid to Executive Directors, Managing Director, the first 4 Heads of Department ranking immediately below the Managing Director including every person in the same level of the 4<sup>th</sup> ranking (as specified in the Notification of the Office of the Securities and Exchange Commission).

- **Remuneration of Each Director**

Name	Position	Director's fees in 2022	
		Director	Audit and Corporate Governance Committee
(1) Assoc.Prof Naris Chaiyasoot, Ph.D.	Chairman of the Board of Directors, Chairman of Audit and Corporate Governance Committee, Member of Remuneration Committee, Member of Nomination Committee	884,400	633,600
(2) Ms. Anchalee Suebchantasiri	Vice-Chairman of the Board of Directors and Managing Director	567,600	-
(3) Mr. Sangiam Santad	Independent Director, Member of Audit and Corporate Governance Committee, Chairman of Remuneration Committee, Chairman of Nomination Committee	607,200	633,600
(4) Mr. Wasin Patchakapati	Independent Director, Member of Audit and Corporate Governance Committee, Member of Remuneration Committee, Member of Nomination Committee	607,200	633,600
(5) Mr. Whang Shang Ying	Director, Member of Remuneration Committee, Member of Nomination Committee	567,600	-
(6) Ms. Piyathida Sukchan	Executive Director	567,600	-
(7) Mr. Ampol Simarojana	Non - Executive Director	567,600	-
<b>Total</b>		<b>6,270,000</b>	

### **8.13 Supervision of subsidiaries, associated companies, and joint venture**

Executives may hold directorship or executive positions in subsidiary, affiliate, joint venture or other related companies in the same group. This is to supervise the management to be in accordance with the principles of good governance and for the maximum benefit of the group of companies. In case of holding positions in companies other than those in the same group, prior approval must be obtained from the Managing Director.

The Company's directors as directors and executives of subsidiaries and the joint venture receive no remunerations from those companies.

### **8.14 Monitoring of compliance with the corporate governance policy and guidelines**

The Board of Directors of the Company considered the consolidated financial statements of the Company and its subsidiaries, including information as shown in the annual registration statement 2022 (Form 56-1 One Report), and concluded that the financial statements have been prepared under generally accepted accounting standards in Thailand. Proper accounting policies have been chosen and have always been consistently adhered to. The financial statements have also been prepared with careful basis using the best estimation. Adequate material information has been disclosed in the notes to the financial statements. The Board has also adopted and maintained an effective system of internal controls in the Company so that we can be reasonably assured that accounting records are accurate, complete and adequate to protect the assets of the Company. These controls are also preventive measures against possible wrongdoing or other significant irregularities in the operations of the Company.

In this regard, the Board of Directors has appointed the Audit and Corporate Governance Committee responsible for the quality of the Company's financial reports and the internal control systems, as well as other processes to support the financial documents to be prepared under generally accepted accounting standards, including to disclose information transparently.

The Audit and Corporate Governance Committee considered the operational performance of the Company during the year 2022 and provided the opinion that the Board of Directors and the Management made a great effort to achieve the Company's objectives without any relevant statutes and regulations having been contravened and attach importance to the effective internal control system and to the adequacy of the risk management. Information system has also been prepared to support the good corporate governance principles. In sum, the overall internal control system of the Company has been at satisfactory level which can assure the credibility of the consolidated financial statements of the Company and its subsidiaries as at December 31, 2022.

The opinion of the Audit and Corporate Governance Committee with regard to these matters is set out in the Report of the Audit and Corporate

Governance Committee in this annual registration statement 2022 (Form 56-1 One Report).

In addition, the Company shall monitor to ensure compliance with good corporate governance in the following four matters.

#### **8.14.1 Prevention of conflicts of interest**

In order to facilitate normal business transaction, the Board has approved in principle to allow the management to do the transaction between the Company and its subsidiaries if the transaction falls into the following categories:

- (1) Being a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person.
- (2) Being reasonable advance payments occurring in the normal course of business operation and with reimbursement on an actual basis.

The management shall report transaction with value over 500,000 Baht which will be reviewed by the Audit and Corporate Governance Committee before presenting to the quarterly Board meetings.

#### **8.14.2 Use of inside information to seek benefits**

In case directors, executives managers and employees intentionally commit any criminal act according to law on securities and exchange, the Company shall punish the violators by any one or more penalties as follows:

- (1) Cut wages or compensation or other benefits
- (2) Lay off, dismiss, or discharge from the post of director, executive, manager or employee as it would be deemed intentionally causing damage to the Company. In case the violator is a director, the matter shall be submitted to the shareholders' meeting to consider the penalty.
- (3) Report the violation to the SET and/or the SEC
- (4) Report to the police to take action according to the law
- (5) Take other measures according to the resolution of the Board or the shareholders' meetings.

#### **8.14.3 Anti-corruption action**

The Company establishes the following guidelines for monitoring and evaluating the actions to prevent the involvement in corruption.

- (1) The Company's internal audit unit is assigned to conduct auditing according to the annual audit plan which is approved by the Audit and Corporate Governance Committee and report any significant issues including provide recommendations to the Audit and Corporate Governance Committee.



- (2) Relevant business unit is required to regularly monitor and evaluate the corruption risk to ensure the effective implementation of the anti-corruption policy including follow up, review, and improve the policy from time to time. The risk evaluation result must be reported to the Risk Management Committee, the Audit and Corporate Governance Committee and the Board of Directors respectively in a timely and consistent manner.
- (3) In fact-finding process, if the information from the investigation or complaints have shown an explicit evidence which may have a significant impact on the financial position and the operating performance of the Company including the violation of law or code of business conduct, or any suspicious issues in the financial report or internal control system, the Audit and Corporate Governance Committee shall report the concerns to the Board of Directors for further improvement and correction.

#### 8.14.4 Whistleblowing

In case that stakeholders require to do whistle blowing or make any complaints to the Company, the below channels have been set up as the guideline.

- (1) **Provide channel for stakeholders to do whistle blowing or make complaints** : Any stakeholder wishes to communicate to the Board of Directors directly without passing through the management of the Company to express his opinions about the operation of the Company's business including whistle blowing or complaints such as incorrect financial report, violation of the law or ethics or deficiency of internal control system, etc. may address his communication directly to the Audit and Corporate Governance Committee.

By post: Assoc.Prof Naris Chaiyasoot, Ph.D.

Chairman of the Audit and Corporate Governance Committee  
United Palm Oil Industry Plc.  
64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea,  
Khet Bangna, Bangkok 10260

By email: [naris@econ.tu.ac.th](mailto:naris@econ.tu.ac.th)

- (2) **Protection of informer's identity**: A stakeholder who communicate or make complaints in item 1 will not be required to disclose his name.
- (3) **Action after receiving concerns or complaints**: The Audit and Corporate Governance Committee shall investigate the information and facts given by the informer in item 1 and report to the Board within 30 days of the date receiving the information.

### 8.15 Report on the results of duty performance of the Audit and Corporate Governance Committee in the past year

The Audit and Corporate Governance Committee shall comprise at least 3 independent directors. The members of the Audit and Corporate Governance Committee must be appointed by the Board of Directors with at least 1

committee member possessing sufficient knowledge and experience in order to perform his/her/their duties of reviewing the credibility of the financial statements. The members of the Audit and Corporate Governance Committee must be directors of the Company who are qualified as “independent directors” pursuant to the definition announced by the Company and in accordance with the stipulations of the Capital Market Commission and the regulations of the Stock Exchange of Thailand. The Chairman of the Audit and Corporate Governance Committee can be the same person as the Chairman of the Board. The term of office shall be 1 year to be ended at the Annual General Meeting of Shareholders (AGM). A Board Meeting will be held after the conclusion of each AGM to appoint each sub-committee.

The Audit and Corporate Governance Committee shall designate a person as Secretary to the Audit and Corporate Governance Committee to provide support to the Audit and Corporate Governance Committee’s proceedings, including setting up meeting appointments, preparing meeting agendas, distributing meeting documents, taking minutes of meeting, and other tasks as assigned by the Audit and Corporate Governance Committee.

#### **Duties and Responsibilities of the Audit and Corporate Governance Committee**

- (1) To review the credibility and sufficiency of the financial reporting.
- (2) To approve the disclosure of quarterly financial statements to the SET.
- (3) To review the adequacy and effectiveness of internal control systems and internal audit functions and the independence of internal auditing unit as well as to approve the appointment, transfer, performance appraisal, dismissing of the head of internal auditing unit or any other unit responsible for internal auditing.
- (4) To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
- (5) To consider, select, propose the appointment of, and terminate an independent person to work as the external auditors including the audit fee. The Audit and Corporate Governance Committee shall hold at least one meeting with the auditor without the management’s presence at the meeting.
- (6) To consider all connected transactions or the conflict-of-interests transactions disclosures in compliance with the laws and regulations of the SET, to ensure that the transaction is justified and for the best benefit of the Company.
- (7) To report the operating results of the internal audit to the Board of Directors on quarterly basis, which including the Audit and Corporate Governance Committee’s opinion on the internal audit, opinions on financial reports, adequacy of internal control systems, and other applicable topics to the Board of Directors as deemed appropriate.
- (8) To report the activities of the Audit and Corporate Governance Committee in the Company's annual registration statement (Form 56-1 One Report), which must be signed by the Chairman of the Audit and Corporate Governance Committee. The following information should be included in the report:
  - Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible.

- Comments on the adequacy of the Company's internal control systems.
  - Comments on compliance with the Securities and Exchange Acts, regulations of the SET, and any other relevant laws.
  - Comments on whether the Company's auditor is suitable.
  - Comments on the transaction with potential conflicts of interest.
  - The number of Audit and Corporate Governance Committee's meetings and meeting attendance of each member.
  - General comments or observation from the performing of duties according to the Charter.
  - Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board.
- (9) To ensure that the management has a mechanism to receive complaints and supervise the proper handling of complaint receipt.
  - (10) To propose the Good Corporate Governance Guidelines to the Board of Directors.
  - (11) To monitor the performance of the Directors and Executives in compliance with Good Corporate Governance Practices and the Securities Exchange of Thailand's Good Corporate Governance Practices.
  - (12) To consider, review, and revise the Good Corporate Governance Policy consistently.
  - (13) To report to the Board of Directors about the Company's good corporate governance performance supported by comments, guidelines, and recommendations for improvement as appropriate.
  - (14) To ensure that the Chairman and the members of Audit and Corporate Governance Committee shall attend the shareholders' annual general meeting in order to classify issues associated with the Audit and Corporate Governance Committee or appointment of the external auditors.
  - (15) To assess its own performance (Self-Assessment) and report the findings to the Board of Directors for acknowledgment as a whole and on individual basis.
  - (16) To regularly review the Charter of Audit and Corporate Governance Committee.
  - (17) To take care of any other matters assigned by the Board of Directors.
  - (18) There shall be at least 4 meetings of the Audit and Corporate Governance Committee per year. At a meeting, at least half the number of the members of the Audit and Corporate Governance Committee must be present to constitute a quorum.
  - (19) The Audit and Corporate Governance Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public.

### 8.16 Specify the total number of the Audit Committee's meetings and the attendance of each member

In 2022, the Audit and Corporate Governance Committee held 10 meetings, with the attendance of each member shown as below:

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Assoc.Prof Naris Chaiyasoot, Ph.D.	Chairman of the Audit and Corporate Governance Committee	2022-2023	10/10
(2) Mr. Sangiam Santad	Independent Director	2022-2023	10/10
(3) Mr. Wasin Patchakapati	Independent Director	2022-2023	10/10

### 8.17 The results of duty performance of the Audit and Corporate Governance Committee

In 2022, the Audit and Corporate Governance Committee has fulfilled and executed its duties and responsibilities in compliance with the Stock Exchange of Thailand's regulations and other activities assigned by the Board. The Committee held ten meetings within the year, with substantive agenda as follows:

- (1) Approval of quarterly financial statements and review of annual financial statements including the disclosures of information in Notes to Financial Statements, submitted to the Board of Directors. The financial statements were in accordance with generally accepted accounting principles. The disclosures of information in Notes to Financial Statements were found to be adequate and accurate.
- (2) Examination of the reports and recommendations of internal audit regarding the internal control and risk management as set out in the annual audit plan, with proposals to the management to take necessary actions. In 2022, the Company was found to have exercised an appropriate and effective internal control and risk management system, with transparent governance and no material management failures.
- (3) Consultative meetings with the management, external and internal auditors in order to make suggestions and practical guidelines for management. The management has subsequently adopted these suggestions to improve the Company's working more efficiency.  
In addition, in 2022 the Committee had one meeting with the external auditors without the management attending. The information disclosed by the management to the auditors was found to be adequate without any deficiencies.

- (4) Consultative meetings with the management and external auditors regarding the implementation of new Thai Accounting Standard and the readiness of the Company.
- (5) Proposal to the Board of Directors to consider the 2022 annual audit plan and renewal of the appointment of Dr. Virach and Associates to be outsourced internal auditor for a further one-year term, to 31 December 2022, including appropriate remuneration.
- (6) Consideration of the principles of Good Governance for Listed Companies, which Thai Institute of Directors (IOD) and to adapt the new principles in 2023.
- (7) Reports to the Board of Directors the results of the meetings and all activities undertaken by the Audit and Corporate Governance Committee.
- (8) Proposal to the Board of Directors for approval at the 2022 Annual General Meeting of Shareholders, the appointment of EY Office Limited to be the statutory auditor of the Company for 2022 including appropriate remuneration.
- (9) Consideration of “Board Self-Assessment” Form, a part of the Corporate Government Self-Assessment, as an instrument to internally practice for good corporate governance principles.

The Audit and Corporate Governance Committee concluded that management continued systematically to exercise good internal control and did not find that any relevant statutes and regulations have been contravened.

## 8.18 Summary of the results of duty performance of subcommittees

### 8.18.1 Specify the total number of the subcommittees’ meetings and the attendance of each subcommittee member.

#### ❖ Nomination Committee

In 2022, the Nomination Committee held 2 meetings, with the attendance of each member shown as below:

Name	Position	Period of Directorship	Attendance / Total Meeting
(1) Mr. Sangiam Santad	Chairman of the Nomination Committee	2022-2023	2/2
(2) Assoc.Prof Naris Chaiyasoot, Ph.D.	Independent Director	2022-2023	2/2
(3) Mr. Wasin Patchakapati	Independent Director	2022-2023	2/2
(4) Mr. Whang Shang Ying	Director	2022-2023	2/2

The Nomination Committee shall comprise at least 3 directors, majority of whom should be independent directors. The Chairman of the Nomination Committee shall not be the same person as the Chairman of the Board. The term of office shall be 1 year to be ended at the AGM. A Board Meeting will be held after the conclusion of each AGM to appoint each sub-committee.

### **Duties and Responsibilities of the Nomination Committee**

- (1) To consider and review the current structure of the Board of Directors whether it fits the Company's business strategies and provide improvement, recommendations including the director nomination to suit the corresponding structure by presenting the Director Qualifications and Skills Matrix showing competencies of the existing directors and the attributes being sought to suit the needs of the Board of Directors at that time.
- (2) To define nomination process and criteria in accordance with the composition and qualifications stated in 1.
- (3) To assess director independence qualification in accordance with the SEC regulations.
- (4) To select, assess and recommend to the Board based on a due diligence investigation and interviews, technically competent persons of integrity, principle and who foster and practice highest standard of professionalism for appointment as directors.
- (5) To allow minority shareholders to nominate a director candidate to the Nomination Committee; a time frame for the nomination process must be in place to ensure that the Nomination Committee will have sufficient time to perform due diligence on the candidate's background before the shareholders' annual meeting.
- (6) To disclose the director nomination policies and procedures to shareholders with a view to ensure transparency in selection of directors. A director nomination form should be available and contain relevant appointment information including supporting reasons and willingness of the nominated candidates.
- (7) To consider the characteristics of the nominees for the Board members by following guidelines in selecting director candidates:
  - General characteristics of individual director
    - integrity and accountability
    - informed judgment
    - prudence and maturity i.e. able to engage in constructive debates and give independent opinions
    - principled and professional
    - other characteristics as the Nomination Committee deems appropriate
  - Competencies in the following areas to ensure the Board's overall suitability
    - accounting and finance
    - organization and human resource management
    - risk management
    - crisis management
    - legal and compliances
    - industry knowledge
    - international marketing
    - strategic planning
    - other competencies as the Nomination Committee deems appropriate
- (8) To consider and review Board members development program in order to ensure that all directors receive appropriate continuous training



programs in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements, the annual budget of which should be set at an appropriate amount.

- (9) To supervise and ensure that the Company arranges orientation programs and provide welcoming package that is beneficial to the newly appointed director(s) to perform the roles and responsibilities.
- (10) To assess its own performance (Self-Assessment) and report the findings to the Board for acknowledgment as a whole and on individual basis.
- (11) To regularly review the Charter of Nomination Committee.
- (12) To be responsible for establishing a succession plan the Company's Managing Director and propose to the Board of Directors.
- (13) To be responsible for recruiting suitable executive candidates, providing training programs and retaining the executives.
- (14) To take care of any matters assigned by the Board of Directors.
- (15) Meetings of the Nomination Committee are to be called whenever the Committee or the Chairman of the Committee sees fit. Nevertheless, there shall be at least 2 meetings per year. At a meeting of the Nomination Committee, at least half the number of the members of the Nomination Committee who should be independent director, must be present to constitute a quorum.

#### ❖ **Remuneration Committee**

In 2022, the Remuneration Committee held 2 meetings, with the attendance of each member shown as below:

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Mr. Sangiam Santad	Chairman of the Remuneration Committee	2022-2023	2/2
(2) Assoc.Prof Naris Chaiyasoot, Ph.D.	Independent Director	2022-2023	2/2
(3) Mr. Wasin Patchakapati	Independent Director	2022-2023	2/2
(4) Mr. Whang Shang Ying	Director	2022-2023	2/2

The Remuneration Committee shall comprise at least 3 directors, majority of whom should be independent directors. The Chairman of the Remuneration Committee must be an independent director who shall not be the same person as the Chairman of the Board. The term of office shall be 1 year to be ended at the AGM. A Board Meeting will be held after the conclusion of each AGM to appoint each sub-committee.

### **Duties and Responsibilities of the Remuneration Committee**

- (1) To set the criteria and procedure for determining remuneration of directors, executive directors, managing director and proposed to the Board of Directors and/or the shareholders' meeting for approval.
- (2) To consider the remuneration of the Board of Directors and executives, as compared to the remuneration offered by other listed companies operating in the same business, to motivate them to foster the Company's continuous development.
- (3) To propose guidelines for assessing the performance outcomes and compensation for managing director for the Board's approval.
- (4) To report regularly on progress and performance results to the Board of Directors after every meeting of the Remuneration Committee.
- (5) To assess its own performance (Self-Assessment) and report the findings to the Board for acknowledgment as a whole and on individual basis.
- (6) To regularly review the Charter of Remuneration Committee.
- (7) To take care of any other matters assigned by the Board of Directors.
- (8) Meetings of the Remuneration Committee are to be called whenever the Committee or the Chairman of the Committee sees fit. Nevertheless, there shall be at least 2 meetings per year. At a meeting of the Remuneration Committee, at least half the number of the members of the Remuneration Committee who should be independent director, must be present to constitute a quorum.

### **❖ Risk Management Committee**

In 2022, the Risk Management Committee held 4 meetings, with the attendance of each member shown as below:

<b>Name</b>	<b>Position</b>	<b>Period of Directors hip</b>	<b>Attendance / Total Meeting</b>
(1) Ms. Anchalee Suebchantasiri	Managing Director	2022-2023	4/4
(2) Ms. Piyathida Sukchan	Executive Director	2022-2023	4/4
(3) Mr. Ampol Simarojana	Non - Executive Director	2022-2023	4/4

The Board of Directors realized the importance of the Risk Management. Therefore, in 2017, the Board approved to formalize the Risk Management Committee comprising senior managements and Managing Director as being Chief Risk Officer. Duties and responsibilities of the Risk Management Committee were indicated. The Management then has to evaluate the risk in every unit and work process, assess the efficiency and existing control measure, and propose plan and method to reduce risk to the Board of Directors.

The Risk Management Committee shall comprise a minimum of 2 members who are appointed by the Board from non-executive Director, senior management and Managing Director. The term of office shall be 1 year to be ended at the AGM. A Board Meeting will be held after the conclusion of each

AGM to appoint each sub-committee. The Committee reports directly to the Board through Audit and Corporate Governance Committee review.

**Duties and Responsibilities of the Risk Management Committee**

- (1) To assist the Board in setting a policy of risk management, including annually agreeing risk tolerance and appetite levels, in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting.
- (2) To ensure that an appropriate policy and plan for a system of risk management is developed by the management, approved by the Board and distributed throughout the Company.
- (3) To annually review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and that risks taken are within the agreed tolerance and appetite levels.
- (4) To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work.
- (5) To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk. A framework and process to anticipate unpredictable risks should also be implemented.
- (6) To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually.
- (7) To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained.
- (8) To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level.
- (9) To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts.
- (10) To provide an independent and objective oversight and view of the information on corporate accountability and specifically associated risk, also proposing to the Audit and Corporate Governance Committee and then to the Board on all categories of identified risks facing the Company.
- (11) To review the strategy, policy and risk tolerance and appetite recommended by the management. The Committee will ensure compliance with such policies in accordance with the overall risk profile of the Company. Risk in the widest sense, i.e. enterprise-wide risk, will be considered by the Committee.
- (12) To review the management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management, reports on internal control and any recommendations and confirm that appropriate action has been taken.

- (13) To address key risk areas and key performance indicators (KPI) of the Company, and monitor these factors as part of a regular review of processes and procedures to ensure the effectiveness of its internal systems of control.
- (14) To assist the Board in its responsibility for disclosure in relation to risk management in the annual registration statement (Form 56-1 One Report), and acknowledgement that it is accountable for the risk management function.

### 8.18.2 The duty performance of the sub- committees

#### ❖ Nomination Committee

In the year 2022, the Nomination Committee organized a total of 2 meetings and the summary of key points of the meeting are as follows:

- (1) Considered the nomination and selection of qualified and suitable person as replacement for the directors who resigned or retired by rotation.
- (2) Considered the renewal of employment contract of one executive
- (3) Considered the nomination and selection of qualified and suitable person to replace and/or succession of executive positions
- (4) Reported their duties to the Board of Directors

#### ❖ Remuneration Committee

In the year 2022, the Remuneration Committee organized a total of 2 meetings and the summary of key points of the meeting are as follows:

- (1) Considered and reviewed the appropriateness of the pattern and criteria of the remuneration, including determine the KPI's performance indicators of the executives
- (2) Reviewed the annual Directors' remuneration for the year 2023
- (3) Considered the 2022 annual bonus payment rate and the 2023 annual salary increase rate for employees
- (4) Reviewed Executive's Remuneration
- (5) Reported their duties to the Board of Directors

#### ❖ Risk Management Committee

In the year 2022, the Risk Management Committee organized a total of 4 meetings and the summary of key points of the meeting are as follows:

- (1) Considered major risks of the Company, evaluated and proceeded with risk management in accordance with business
- (2) Supervised and promoted the risk management as planned
- (3) During the COVID-19 epidemic, had prompt actions to set guidelines, preventive measures and planning to manage risk under the announcement of the government agency, including monitored situations continually
- (4) Considered the guidelines for personal data protection according to the Personal Data Protection Act B.E. 2562
- (5) Considered guidelines and established procedures for any construction and repair work in the factory area to prevent accidents

- (6) Considered the guidelines and measures to protect the corporate computer network system, including determined the IT department's plans related to cyber security
- (7) Considered measures to prevent the risk of fire accidents
- (8) Considered the prevention of wastewater discharge
- (9) Considered the policy for outsource to operate in factory during in annual maintenance.

## 9. Internal Control and Related Party Transactions

### 9.1 Internal Control Management

The Company places importance on internal control system which it regards as a vital management tool to reduce business risk, to build up a confidence of business management, to assist the Company operating efficiency and fulfill expected goal. The internal control system also enhances shareholders' benefits and investment, supports verification and creditability of financial statement reports and operating reports of the Company, prevents loss of assets and assists employees working under laws and regulations.

The Company does not set up an internal audit unit but it has employed Dr. Virach & Associates Office to be the Company's internal auditors since 1999 because the proper role of internal auditor is to independently perform auditing services to assist in the attainment of good corporate governance and develop the efficiency and effectiveness of operations. Internal auditing also delivers an advice on the Company's financial, operation and risk management supporting the Company to achieve its objectives and corporate goal. Therefore, internal auditing process requires transparency and real independence by implementing a check and balance measure. It also can provide an early warning sign of misconduct or corporate corruption. As a result, the consideration being given outsourcing the internal auditors to perform internal auditing functions is appropriate. The outsourced internal auditors can be an eligible intermediary between the management team and the operating units. Furthermore, it also mitigates the problem of internal coordination.

During the Board Meeting No.2/2023 held on 23 February 2023, in the presence of 3 independent directors and Audit and Corporate Governance Committee members, the Board reviewed the internal control system of the Company by using the evaluation form initially completed and presented by the management and reviewed by the Audit and Corporate Governance Committee. The evaluation of the internal control system of the Company covered 5 areas, namely organization and environment, risk management, operational control of the management, information system and communication, and monitoring. The Board concluded and provided an opinion that the Company has adequate internal control system for the above mentioned areas.

Besides, the business transactions with majority shareholder and subsidiary companies are declared in item 6 of the Notes to financial statements, as well as complied with the rules and regulations of the SET regarding related transactions. The Board provided the opinion that the Company maintains adequate internal control measures.

Other significant items of internal control have been reviewed every quarter by the Audit and Corporate Governance Committee and the Company's internal auditor, Dr. Virach & Associates. Major issues are reported to the Board by the Audit and Corporate Governance Committee. The Board provided an opinion that Company's internal control measure is further strengthened by the quarterly review as well.



Regarding the Company's subsidiaries and the joint venture, most of assets are oil palm plantations, which are monitored and supervised by the Management of the Company.

## 9.2 Related Party Transactions

### 9.2.1 Necessity and reasons for the related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

#### (a) With Lam Soon (Thailand) Public Company Limited (LST)

Relation	Transactions	Value of Transactions (Million Baht)		Pricing Policy	Necessity
		2022	2021		
Major Shareholder	Sales of CPO and CPKO	1,533	1,642	Market prices on the contract's Date	LST who owns and operates a refinery in Thailand, high usage of CPO and its strong financial status
	Sales of FFB	-	63		

#### (b) With Phansrivivat Company Limited and Prachakvivat Company Limited

Relation	Transactions	Value of Transactions (Million Baht)		Pricing Policy	Necessity
		2022	2021		
Subsidiary Company	Dividend income	3	4	As declared by subsidiary	Being paid as a return on investment
	Palm plantation rental expenses	7	7	Contract rate	Being rental expenses for concession land
	Interest expenses	4	3	THBFIX + 1% per annum	Being interest from Accrued rental

#### (c) With Siam Elite Palm Company Limited (SEP)

Relation	Transactions	Value of Transactions (Million Baht)		Pricing Policy	Necessity
		2022	2021		
Joint Venture	Land rental income	1	1	Agreed between the parties	SEP requires land for doing business of propagation and distribution of CIRAD® oil palm seeds in Thailand. SEP has rented the land from the Company.
	Purchase of oil palm seeds and FFB	12	9	Market prices	

The balances of the accounts as at 31 December 2022 and 2021 between the Company and those related companies have been declared in Notes to financial statements item no. 6.

### **9.2.2 Measures or criteria to approve related party transactions**

In 2022, 68.50% of the Company's total sales were sold to LST (2021 : 82.17%). The selling price was based on the ongoing market price as regular business transactions on an arm's length basis without any commitment but based on the CPO selling contract and in compliance with standard business practices in the palm oil industry.

In early 2022, Ms. Anchalee Suebchantasiri, Managing Director of the Company and LST, approved the CPO sold to LST. The approval was based on the market price references of various customers on the same or the following day and reviewed quarterly by the auditor.

However, effective on 1 June 2022, Ms. Anchalee Suebchantasiri resigned from Managing Director of Lam Soon (Thailand) PCL. Therefore, the transaction with Lam Soon (Thailand) PCL is independent to each other.

### **9.2.3 Related party transactions in the future**

Due to LST's high usage of CPO and solid financial status, thus it is a reliable customer, and the Company will continue to sell CPO to LST on an arm's length basis. Further, the sale transaction between LST and UPOIC must be the consensus of both companies' directors; the sale CPO prices to LST will be the same as the sale to others.

Owing to LST's high usage of CPO, its strong financial status, and its being a reliable customer. The Company will continue to sell CPO to LST on an arm's length basis.

## Section 3

### Report and Consolidated Financial Statements

United Palm Oil Industry Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2022

## **Independent Auditor's Report**

To the Shareholders of United Palm Oil Industry Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of United Palm Oil Industry Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of United Palm Oil Industry Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Palm Oil Industry Public Company Limited and its subsidiaries and of United Palm Oil Industry Public Company Limited as at 31 December 2022, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters.

Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

*Revenue recognition from selling prices to a related party*

The Company had sales of crude palm oil and crude palm kernel oil to its parent company of the Group totaling approximately for Baht 1,533 million during the current year, accounting for 68% of revenue. Such related party transactions could give rise to doubt as to the arm's length nature of the business transactions between the parties and there is a potential risk with respect to the amount of revenue recognised.

I have performed the following audit procedures regarding whether revenue was recognised on the basis of selling prices that are equivalent to the market prices of the goods:

- Assessed the processes used by management to set prices and record related party transactions.
- Read contracts and agreements with related party to understand the nature of the transactions.
- Examined the market prices used as a reference in setting the transfer prices for sales transactions occurring during the year.
- Examined credit notes that the Company issued during the year and after the year-end.
- Performed analytical procedures on disaggregated data to consider possible irregularities in sales transactions, particularly for accounting entries made through journal vouchers.

In addition, I reviewed the disclosure of information with respect to the related party transactions in the notes to consolidated financial statements.

*Fair value measurement of biological assets - palm fruit on trees*

The value of the biological assets - palm fruit on trees as of 31 December 2022 was Baht 189 million, which is a significant amount. The fair value measurement of biological assets - palm fruit on trees requires the use of estimates and assumptions, which included estimated harvesting volume and the selling price at each points of harvest, with consideration of whether these correspond with the nature and circumstances of the biological assets being measured, based on judgements made by the Company's agricultural officers and management as to the basis and assumptions relevant to the estimations. There may be a risk with respect to the value of biological assets.



I gained an understanding of, assessed and tested controls of the Company related to the fair value estimation of the biological assets, including assessment of the methods applied by the Company to estimate data, set assumptions and calculate values. I reviewed the fair values by evaluating the data estimates and assumptions used in the valuation based on inquiry of the Company's agricultural officers and management, comparative analysis with historical data, and by testing the calculation. In addition, I reviewed the disclosure of information with respect to the fair value measurement of biological assets in the notes to consolidated financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Kunlapee Piyawannasuth

Certified Public Accountant (Thailand) No. 6137

EY Office Limited

Bangkok: 23 February 2023

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	7	99,936,008	32,782,180	61,520,294	16,728,948
Trade and other receivables	8	37,081,186	226,957,718	36,991,727	226,902,660
Current portion of lease receivables		699,293	1,544,819	699,293	1,544,819
Advance to employees		83,078	80,668	83,078	80,668
Inventories	9	221,651,027	241,766,733	221,651,027	241,766,733
Biological assets	10	203,525,992	112,273,222	203,525,992	112,273,222
Other current assets		8,045,626	12,483,276	5,295,105	9,393,095
Total current assets		571,022,210	627,888,616	529,766,516	608,690,145
Non-current assets					
Lease receivables - long-term portion		20,706	896,306	20,706	896,306
Investment in subsidiary	11	-	-	307,895,303	307,895,303
Investment in joint venture	12	62,450,037	26,570,516	25,000,000	25,000,000
Long-term loan to other company	13	16,560,000	17,480,000	-	-
Property, plant and equipment	14	908,471,120	877,810,751	908,470,794	877,810,425
Right-of-use assets	15	33,926,472	34,981,664	53,730,785	56,229,732
Bearer plants	16	171,950,885	176,452,462	171,950,885	176,452,462
Intangible assets		44,361	90,382	44,361	90,382
Other non-current assets		747,073	4,152,147	747,073	4,152,147
Total non-current assets		1,194,170,654	1,138,434,228	1,467,859,907	1,448,526,757
Total assets		1,765,192,864	1,766,322,844	1,997,626,423	2,057,216,902

The accompanying notes are an integral part of the financial statements.

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	40,000,000	145,000,000	40,000,000	145,000,000
Trade and other payables	18	30,077,480	35,766,882	289,382,323	313,320,909
Current portion of long-term loan	19	31,666,667	36,666,667	31,666,667	36,666,667
Current portion of long-term lease liabilities	15	408,731	345,178	508,952	485,146
Income tax payable		13,433,816	9,386,932	12,847,281	8,633,788
Other current liabilities		7,252,559	6,858,855	7,252,559	6,858,855
Total current liabilities		122,839,253	234,024,514	381,657,782	510,965,365
Non-current liabilities					
Long-term loan, net of current portion	19	26,666,667	63,333,333	26,666,667	63,333,333
Long-term lease liabilities, net of current portion	15	43,103,935	42,647,014	63,196,540	63,705,492
Deferred tax liabilities	21	22,840,677	31,751,684	22,762,974	31,761,607
Provision for long-term employee benefits	20	17,308,835	17,390,063	17,308,835	17,390,063
Total non-current liabilities		109,920,114	155,122,094	129,935,016	176,190,495
Total liabilities		232,759,367	389,146,608	511,592,798	687,155,860
Shareholders' equity					
Share capital					
Registered					
324,050,000 ordinary shares of Baht 1 each		324,050,000	324,050,000	324,050,000	324,050,000
Issued and fully paid up					
324,050,000 ordinary shares of Baht 1 each		324,050,000	324,050,000	324,050,000	324,050,000
Share premium		321,544,740	321,544,740	321,544,740	321,544,740
Retained earnings					
Appropriated - statutory reserve	22	60,805,000	60,805,000	32,405,000	32,405,000
Unappropriated		826,033,757	670,776,496	808,033,885	692,061,302
Total shareholders' equity		1,532,433,497	1,377,176,236	1,486,033,625	1,370,061,042
Total liabilities and shareholders' equity		1,765,192,864	1,766,322,844	1,997,626,423	2,057,216,902

The accompanying notes are an integral part of the financial statements.

Directors

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2022

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2022	2021	2022	2021
<b>Revenues</b>					
Revenue	25	2,237,528,936	2,074,443,675	2,237,528,936	2,074,443,675
Gain arising from change in fair value of biological assets		89,278,804	25,902,143	89,278,804	25,902,143
Other income					
Dividend income	11	-	-	3,479,546	4,383,680
Compensation from insurance		12,262,299	7,671,981	12,262,299	7,671,981
Others		99,303,041	70,650,968	99,303,226	70,651,000
<b>Total revenues</b>		<b>2,438,373,080</b>	<b>2,178,668,767</b>	<b>2,441,852,811</b>	<b>2,183,052,479</b>
<b>Expenses</b>					
Cost of sales		1,992,080,635	1,721,271,390	1,993,603,696	1,722,834,277
Selling and distribution expenses		39,731,819	41,935,482	39,731,819	41,935,482
Administrative expenses		52,689,257	46,764,067	52,515,119	46,589,868
Loss on impairment of assets	31	-	15,588,502	-	15,588,502
<b>Total expenses</b>		<b>2,084,501,711</b>	<b>1,825,559,441</b>	<b>2,085,850,634</b>	<b>1,826,948,129</b>
<b>Profit from operating activities</b>		<b>353,871,369</b>	<b>353,109,326</b>	<b>356,002,177</b>	<b>356,104,350</b>
Share of profit from a joint venture	12.2	35,879,521	3,572,980	-	-
Finance income		508,530	372,151	166,959	126,150
Finance cost	23	(2,817,816)	(4,445,685)	(9,806,110)	(10,898,807)
<b>Profit before income tax expenses</b>		<b>387,441,604</b>	<b>352,608,772</b>	<b>346,363,026</b>	<b>345,331,693</b>
Income tax expenses	21	(70,160,393)	(45,794,905)	(68,366,493)	(44,118,013)
<b>Profit for the year</b>		<b>317,281,211</b>	<b>306,813,867</b>	<b>277,996,533</b>	<b>301,213,680</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>317,281,211</b>	<b>306,813,867</b>	<b>277,996,533</b>	<b>301,213,680</b>
<b>Basic earnings per share</b>					
Profit per share	26	0.98	0.95	0.86	0.93

The accompanying notes are an integral part of the financial statements.



United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2022

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
<b>Balance as at 1 January 2021</b>	324,050,000	321,544,740	60,805,000	428,772,209	1,135,171,949
Profit for the year	-	-	-	306,813,867	306,813,867
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	306,813,867	306,813,867
Dividend paid (Note 29)	-	-	-	(64,809,580)	(64,809,580)
<b>Balance as at 31 December 2021</b>	<u>324,050,000</u>	<u>321,544,740</u>	<u>60,805,000</u>	<u>670,776,496</u>	<u>1,377,176,236</u>
					-
<b>Balance as at 1 January 2022</b>	324,050,000	321,544,740	60,805,000	670,776,496	1,377,176,236
Profit for the year	-	-	-	317,281,211	317,281,211
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	317,281,211	317,281,211
Dividend paid (Note 29)	-	-	-	(162,023,950)	(162,023,950)
<b>Balance as at 31 December 2022</b>	<u>324,050,000</u>	<u>321,544,740</u>	<u>60,805,000</u>	<u>826,033,757</u>	<u>1,532,433,497</u>
					-

(Unit: Baht)

Separate financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
<b>Balance as at 1 January 2021</b>	324,050,000	321,544,740	32,405,000	455,657,202	1,133,656,942
Profit for the year	-	-	-	301,213,680	301,213,680
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	301,213,680	301,213,680
Dividend paid (Note 29)	-	-	-	(64,809,580)	(64,809,580)
<b>Balance as at 31 December 2021</b>	<u>324,050,000</u>	<u>321,544,740</u>	<u>32,405,000</u>	<u>692,061,302</u>	<u>1,370,061,042</u>
					-
<b>Balance as at 1 January 2022</b>	324,050,000	321,544,740	32,405,000	692,061,302	1,370,061,042
Profit for the year	-	-	-	277,996,533	277,996,533
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	277,996,533	277,996,533
Dividend paid (Note 29)	-	-	-	(162,023,950)	(162,023,950)
<b>Balance as at 31 December 2022</b>	<u>324,050,000</u>	<u>321,544,740</u>	<u>32,405,000</u>	<u>808,033,885</u>	<u>1,486,033,625</u>
					-

The accompanying notes are an integral part of the financial statements.

**United Palm Oil Industry Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2022**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
<b>Cash flows from operating activities</b>				
Profit before tax	387,441,604	352,608,772	346,363,026	345,331,693
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	42,761,226	43,044,047	43,684,507	43,990,428
Share of profit from a joint venture	(35,879,521)	(3,572,980)	-	-
Gain arising from change in fair value of biological assets	(89,278,804)	(25,902,143)	(89,278,804)	(25,902,143)
Loss on write-off bearer plants	2,855,555	116,730	2,855,555	116,730
Reduction of inventory cost to net realisable value (reversal)	8,859,336	(4,963,486)	8,859,336	(4,963,486)
Loss on disposal/write-off of property plant and equipment	2,765,678	4,479,476	2,765,678	4,479,476
Loss on impairment of assets (reversal)	(18,356,182)	15,588,502	(18,356,182)	15,588,502
Provision for termination benefits and provision for long-term employee benefits	1,406,039	2,279,402	1,406,039	2,279,402
Dividend income	-	-	(3,479,546)	(4,383,680)
Interest expenses	2,817,816	4,445,685	9,806,110	10,898,807
Profit from operating activities before changes in operating assets and liabilities	305,392,747	388,124,005	304,625,719	387,435,729
Operating assets (increase) decrease				
Trade and other receivables	189,876,532	(188,352,308)	189,910,933	(188,357,569)
Cash received from lease receivables	1,721,126	1,567,065	1,721,126	1,567,065
Advance to employees	(2,410)	(1,572)	(2,410)	(1,572)
Inventories and biological assets	9,282,404	(104,540,367)	9,282,404	(104,540,367)
Other current assets	4,235,487	3,836,948	3,895,827	3,494,317
Other non-current assets	3,405,074	(3,105,137)	3,405,074	(3,105,137)
Operating liabilities increase (decrease)				
Trade and other payables	(6,147,558)	17,918,249	(11,715,991)	20,897,127
Other current liabilities	393,704	3,886,879	393,704	3,886,879
Cash paid for termination benefits and long-term employee benefits	(1,487,267)	(3,312,139)	(1,487,267)	(3,312,139)
Cash flows from operating activities	506,669,839	116,021,623	500,029,119	117,964,333
Cash paid for interest expenses	(3,084,473)	(4,179,391)	(22,753,518)	(13,572,653)
Tax refund from income tax	202,163	4,096,873	202,163	3,939,234
Cash paid for income tax	(75,024,516)	(26,603,472)	(73,151,633)	(25,314,535)
<b>Net cash flows from operating activities</b>	<b>428,763,013</b>	<b>89,335,633</b>	<b>404,326,131</b>	<b>83,016,379</b>

The accompanying notes are an integral part of the financial statements.

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<b>Cash flows from investing activities</b>				
Decrease in long-term loan to other company	920,000	920,000	-	-
Proceeds from disposals of property, plant and equipment	210,393	3,103,365	210,393	3,103,365
Cash paid for acquisition of land, machinery and equipment	(48,124,898)	(31,225,220)	(48,124,898)	(31,225,220)
Increase in cost of bearer plants	(5,924,064)	(4,394,373)	(5,924,064)	(4,394,373)
Dividend received	-	-	3,479,546	4,383,680
<b>Net cash flows used in investing activities</b>	<b>(52,918,569)</b>	<b>(31,596,228)</b>	<b>(50,359,023)</b>	<b>(28,132,548)</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from financial institutions	(105,000,000)	(100,000,000)	(105,000,000)	(100,000,000)
Cash received from long-term loan	-	110,000,000	-	110,000,000
Repayment for long-term loan	(41,666,666)	(10,000,000)	(41,666,666)	(10,000,000)
Cash paid for lease liabilities	-	-	(485,146)	(462,453)
Dividend paid	(162,023,950)	(64,796,864)	(162,023,950)	(64,796,864)
<b>Net cash flows used in financing activities</b>	<b>(308,690,616)</b>	<b>(64,796,864)</b>	<b>(309,175,762)</b>	<b>(65,259,317)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>67,153,828</b>	<b>(7,057,459)</b>	<b>44,791,346</b>	<b>(10,375,486)</b>
Cash and cash equivalents at beginning of year	32,782,180	39,839,639	16,728,948	27,104,434
<b>Cash and cash equivalents at end of year</b>	<b>99,936,008</b>	<b>32,782,180</b>	<b>61,520,294</b>	<b>16,728,948</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Purchase of equipment for which no cash has been paid	1,495,760	770,947	1,495,760	770,947
Increase in right-of-use assets from contract modification	520,474	137,682	-	-

The accompanying notes are an integral part of the financial statements.

**United Palm Oil Industry Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2022**

**1. General information**

United Palm Oil Industry Public Company Limited is a public company incorporated and domiciled in Thailand. Its parent company is Lam Soon (Thailand) Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture of crude palm oil and palm kernel oil. The registered office of the Company is at No. 64, Soi Bangna-Trad 25, Bangna Nuea Sub-District, Bangna District, Bangkok. Branch office and factory are located at No. 98 Moo 6, Nueaklong-Khao Phanom Road, Huayyoong Sub-District, Nueaklong District, Krabi.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of United Palm Oil Industry Public Company Limited (“the Company”) and the following subsidiaries (hereinafter called as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2022	2021
			(%)	(%)
<u>Shares held by the Company</u>				
Phansrivivat Co., Ltd.	Owner of oil palm plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2022	2021
			(%)	(%)
<u>Shares held by the Company's subsidiary</u>				
Prachak Vivat Co., Ltd. (100% held by Phansrivivat Co., Ltd.)	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Co., Ltd. (100% held by Phansrivivat Co., Ltd.)	Holder of concessions to use forest reserve land	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiaries and joint venture under the cost method.

### **3. New financial reporting standards**

#### **3.1 Financial reporting standards that became effective in the current year**

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

## **4. Significant accounting policies**

### **4.1 Revenue and expense recognition**

#### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts.

#### *Interest income*

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

#### *Finance cost*

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.



### **4.3 Inventories**

Finished goods and work in process are valued at the lower of average cost and net realisable value. Such cost includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

### **4.4 Investments in subsidiary and joint venture**

Investment in joint venture is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiary and joint venture are accounted for in the separate financial statements using the cost method.

### **4.5 Property, plant and equipment/Depreciation**

Land, land ownership document and land possessory rights are stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings and construction	-	20 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 - 10 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, land ownership document, land possessory rights and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.6 Bearer plants and amortisation**

Bearer plants are stated at cost less accumulated amortisation and allowance for impairment losses (if any). The cost includes cost of cultivate before production period.

Amortisation of bearer plants is calculated by reference to their cost on the straight-line basis over the estimated remaining productive life of the bearer plants (the productive life of palm tree generally 25 years).

Amortisation is included in determining income.

No amortisation is provided on bearer plants not ready for harvest.

Costs of supplying bearer plants vacancies and infilling mature areas are included in determining income.

#### **4.7 Biological assets**

The Company's biological assets are palm fruit on tree and palm nursery for sale. An agricultural produce is palm fresh fruit brunch which includes in inventories.

The fair value of palm fruit on tree is determined based on discounted cash flows reference to price of palm fruit at the front of the Company's factory, less estimated point of harvest costs. The palm fresh fruit brunch is determined based on reference to price of palm fruit at the front of the Company's factory, less estimated selling expenses. The fair value of palm nursery for sale is determined based on reference to selling price, less estimated selling expenses. Gains or losses on changes in fair value of biological assets and the differences between fair value and costs of agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the Company shall measure it at its fair value less costs to sell.

#### **4.8 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

## 4.9 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

### **The Group as lessee**

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

#### *Right-of-use assets*

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	-	24 years
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If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### *Lease liabilities*

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

#### *Short-term leases and Leases of low-value assets*

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

#### **The Group as lessor**

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

#### **4.10 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.11 Impairment of non-financial assets**

At the end of each reporting period, the Group perform impairment reviews in respect of the property, plant and equipment, bearer plants, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

## **4.12 Employee benefits**

### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

### **Post-employment benefits**

#### *Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

#### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

## **4.13 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **4.14 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

## **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **4.15 Financial instruments**

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost. The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

#### *Financial assets at amortised cost*

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.



## **Classification and measurement of financial liabilities**

At initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

## **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

## **Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss ("FVTPL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 90 days past due and considers a financial asset as credit impaired or default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **4.16 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 Use of quoted market prices in an active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Leases**

#### *Determining the lease term with extension and termination options - The Group as a lessee*

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

#### *Estimating the incremental borrowing rate - The Group as a lessee*

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### **Biological assets**

The Company measured their biological assets - palm fruit on tree at their fair value less costs to sell. Such fair values were calculated using the discounted cash flows reference to price of palm fruit at the front of the Company's factory, less estimated point of harvest costs. The valuation involves certain assumptions and estimates such as price of palm fruit at the point of harvest, weight of palm fruit on tree and discount rate.

### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Related party transactions

During the years, the Group had significant business transactions with related parties, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2022	2021	2022	2021	
<b>Transactions with parent company</b>					
Sales of crude palm oil and					
crude palm kernel oil	1,533	1,642	1,533	1,642	Market price on contract's date
Sales of fresh fruit bunch	-	63	-	63	Market price on contract's date
<b>Transactions with subsidiaries</b>					
(eliminated from the consolidated financial statements)					
Dividend income	-	-	3	4	As declared
Palm plantation rental expenses	-	-	7	7	Contract rate
Interest expenses	-	-	4	3	THBFIX + 1% per annum
<b>Transactions with joint venture</b>					
Land rental income	1	1	1	1	Agreed between parties
Purchases of oil palm seeds					
and fresh fruit bunch	12	9	12	9	Market price

The balance of the accounts between the Company and those related parties as at 31 December 2022 and 2021.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<b>Trade and other receivables - related party (Note 8)</b>				
Parent company	9,751	163,499	9,751	163,499
Total	9,751	163,499	9,751	163,499
<b>Trade and other payables - related parties (Note 18)</b>				
Subsidiaries	-	-	259,454	277,703
Total	-	-	259,454	277,703
<b>Lease liabilities - related party</b>				
Subsidiary	-	-	63,705	64,190
Total	-	-	63,705	64,190

### Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2022	2021
Short-term employee benefits	23,709	24,025
Post-employment benefits	358	316
Total	24,067	24,341

### 7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Cash	1,186	1,197	1,178	1,190
Bank deposits	98,750	31,585	60,342	15,539
Total	99,936	32,782	61,520	16,729

As at 31 December 2022, bank deposits in saving accounts carried interests between 0.05% and 0.35% per annum (2021: between 0.05% and 0.13% per annum).

### 8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Trade receivables - related party</b>				
Aged on the basis of due dates				
Not yet due	9,751	163,499	9,751	163,499
Total trade receivables - related party				
(Note 6)	9,751	163,499	9,751	163,499
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	25,797	63,404	25,797	63,404
Total trade receivables - unrelated parties	25,797	63,404	25,797	63,404
Total trade receivables	35,548	226,903	35,548	226,903

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Other receivables</b>				
Accrued income	1,533	55	1,444	-
Total other receivables	1,533	55	1,444	-
Total trade and other receivables	37,081	226,958	36,992	226,903

The normal credit term is 15 to 30 days.

## 9. Inventories

	(Unit: Thousand Baht)					
	Consolidated/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2022	2021	2022	2021	2022	2021
Finished goods	215,200	230,101	8,859	-	206,341	230,101
Work in process	1,676	-	-	-	1,676	-
Spare parts, supplies and others	13,634	11,666	-	-	13,634	11,666
Total	230,510	241,767	8,859	-	221,651	241,767

During the year 2022, the Company reduced cost of inventories by Baht 8.9 million, to reflect the net realisable value. This was included in cost of sales.

During the year 2021, the Company reversed the write-down of cost of inventories by Baht 4.9 million and reduce the amount of inventories recognised as expense during the year.



## 10. Biological assets

Movements in the biological assets account for the years ended 31 December 2022 and 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Palm nursery		Total
	for sales	Palm fruit on tree	
<b>Balance as at 1 January 2021</b>	29,185	66,435	95,620
Gain arising from changes in fair value	14,343	554,523	568,866
Decreases due to harvest	-	(448,272)	(448,272)
Decreases due to sales	(24,332)	(73,875)	(98,207)
Decreases due to write-off	(5,734)	-	(5,734)
<b>Balance as at 31 December 2021</b>	13,462	98,811	112,273
Gain arising from changes in fair value	20,959	711,834	732,793
Increases due to cultivate	17,884	-	17,884
Decreases due to harvest	-	(619,334)	(619,334)
Decreases due to sales	(32,993)	(2,460)	(35,453)
Decreases due to write-off	(4,637)	-	(4,637)
<b>Balance as at 31 December 2022</b>	14,675	188,851	203,526

Significant assumptions for the calculation of fair value at the valuation date were as follows:

Prices of palm fruit at harvest point are estimated based on purchase prices of palm fruit at the front of the Company's factory from which the Company purchased in the past less estimated estate cost, harvesting cost and transportation cost from each estate.

Weight of palm fruit on tree are estimated with references to the average weight for each age when harvest the palm fruit from historical information, including consideration on factors affecting fruit bearing and random sampling result.

For the year 2022, discount rate is estimated at the rate of 4% by weighted average cost of capital method (2021: 3%).

The result of sensitivity analysis for significant assumptions that affect the fair value of biological assets as at 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	2022		2021	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Prices of palm fruit at harvest point	19,485	(19,485)	15,804	(14,484)
Weight of palm fruit on tree	19,485	(19,485)	15,804	(14,484)

## 11. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements.

(Unit: Thousand Baht)

Company	Paid-up capital		Shareholding percentage		Cost		Dividend income	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Million Baht)	(Million Baht)	(%)	(%)				
Phansrivivat Co., Ltd.	274	274	100	100	307,895	307,895	3,479	4,384
Total					<u>307,895</u>	<u>307,895</u>	<u>3,479</u>	<u>4,384</u>

## 12. Investment in joint venture

### 12.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment is as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amount based on equity method	
		2022	2021	2022	2021	2022	2021
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	62,450	26,570
Total				<u>25,000</u>	<u>25,000</u>	<u>62,450</u>	<u>26,570</u>

(Unit: Thousand Baht)

Joint venture	Nature of business	Separate financial statements			
		Shareholding percentage		Cost	
		2022	2021	2022	2021
		(%)	(%)		
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000
Total				<u>25,000</u>	<u>25,000</u>

### 12.2 Share of comprehensive income

During the years, the Company recognised its share of comprehensive income from a joint venture in the financial statements as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements			
	Share of profit		Share of other comprehensive income	
	2022	2021	2022	2021
Siam Elite Palm Co., Ltd.	35,880	3,573	-	-
Total	<u>35,880</u>	<u>3,573</u>	<u>-</u>	<u>-</u>

### 12.3 Summarised financial information of material joint venture

Summarised information about financial position as at 31 December 2022 and 2021.

	(Unit: Thousand Baht)	
	Siam Elite Palm Co., Ltd.	
	2022	2021
Current assets	207,890	78,049
Non-current assets	32,808	31,679
Total assets	240,698	109,728
Current liabilities	(114,335)	(51,945)
Non-current liabilities	(1,463)	(4,642)
Total liabilities	(115,798)	(56,587)
Net assets	124,900	53,141
Shareholding percentage (%)	50	50
Carrying amount of joint venture based on equity method	62,450	26,570

Summarised information about comprehensive income for the years ended 31 December 2022 and 2021.

	(Unit: Thousand Baht)	
	Siam Elite Palm Co., Ltd.	
	2022	2021
Revenue	254,924	74,796
The differences between fair value and costs of agricultural produce	-	345
Cost of sales	(94,305)	(47,369)
Selling and administrative expenses	(73,586)	(20,626)
Income tax expenses	(15,274)	-
Profit for the year	71,759	7,146
Other comprehensive income	-	-
Total comprehensive income	71,759	7,146
Shareholding percentage (%)	50	50
Carrying amount of joint venture based on equity method	35,880	3,573

### 13. Long-term loan to other company

As at 31 December 2022 and 2021, a subsidiary has loan to other company of Baht 17 million. The loan has no collateral and carry interest at a rate of THBFIX + 1% per annum. Principal payments are to be made at the end of June and December each year, with the final payment due in June 2040. A subsidiary considered changing its interest rate to BIBOR + 1% per annum.

#### 14. Property, plant and equipment

(Unit: Thousand Baht)

##### Consolidated financial statements

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>Cost</b>								
1 January 2021	686,899	595	297,549	620,871	30,089	131,247	58,027	1,825,277
Additions	873	5,067	-	1,909	352	-	22,303	30,504
Disposals/write-off	(3,472)	-	(4,289)	(19,678)	(25)	(1,419)	-	(28,883)
Transfer in (out)	3,611	(3,611)	13,305	56,931	167	-	(70,403)	-
31 December 2021	687,911	2,051	306,565	660,033	30,583	129,828	9,927	1,826,898
Additions	-	64	-	2,248	1,071	8,936	36,531	48,850
Disposals/write-off	(1,270)	-	(14,610)	(6,277)	(1,182)	(4,565)	-	(27,904)
Transfer in (out)	-	-	1,211	41,260	134	-	(42,605)	-
31 December 2022	686,641	2,115	293,166	697,264	30,606	134,199	3,853	1,847,844
<b>Accumulated depreciation</b>								
1 January 2021	-	-	227,191	549,741	28,255	111,144	-	916,331
Depreciation for the year	-	-	9,113	15,976	818	4,480	-	30,387
Depreciation on disposals/write-off	-	-	(3,824)	(16,036)	(22)	(1,418)	-	(21,300)
31 December 2021	-	-	232,480	549,681	29,051	114,206	-	925,418
Depreciation for the year	-	-	8,145	17,456	698	4,430	-	30,729
Depreciation on disposals/write-off	-	-	(12,905)	(6,276)	(1,182)	(4,565)	-	(24,928)
31 December 2022	-	-	227,720	560,861	28,567	114,071	-	931,219

(Unit: Thousand Baht)

## Consolidated financial statements (continued)

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>Allowance for impairment loss</b>								
1 January 2021	21,210	-	-	-	-	-	-	21,210
Increase during the year	5,319	-	-	-	-	-	-	5,319
Decrease during the year	(2,860)	-	-	-	-	-	-	(2,860)
31 December 2021	23,669	-	-	-	-	-	-	23,669
Decrease during the year	(15,515)	-	-	-	-	-	-	(15,515)
31 December 2022	8,154	-	-	-	-	-	-	8,154
<b>Net book value</b>								
31 December 2021	664,242	2,051	74,085	110,352	1,532	15,622	9,927	877,811
31 December 2022	678,487	2,115	65,446	136,403	2,039	20,128	3,853	908,471
<b>Depreciation for the years</b>								
2021 (Baht 29 million included in manufacturing cost, and the remaining balance in selling and distribution and administrative expenses)								30,387
2022 (Baht 30 million included in manufacturing cost, and the remaining balance in selling and distribution and administrative expenses)								30,729

(Unit: Thousand Baht)

## Separate financial statements

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>Cost</b>								
1 January 2021	686,899	595	281,097	620,871	30,089	131,247	58,027	1,808,825
Additions	873	5,067	-	1,909	352	-	22,303	30,504
Disposals/write-off	(3,472)	-	(4,289)	(19,678)	(25)	(1,419)	-	(28,883)
Transfer in (out)	3,611	(3,611)	13,305	56,931	167	-	(70,403)	-
31 December 2021	687,911	2,051	290,113	660,033	30,583	129,828	9,927	1,810,446
Additions	-	64	-	2,248	1,071	8,936	36,531	48,850
Disposals/write-off	(1,270)	-	(14,610)	(6,277)	(1,182)	(4,565)	-	(27,904)
Transfer in (out)	-	-	1,211	41,260	134	-	(42,605)	-
31 December 2022	686,641	2,115	276,714	697,264	30,606	134,199	3,853	1,831,392
<b>Accumulated depreciation</b>								
1 January 2021	-	-	210,740	549,741	28,255	111,143	-	899,879
Depreciation for the year	-	-	9,113	15,976	818	4,480	-	30,387
Depreciation on disposals/write-off	-	-	(3,824)	(16,036)	(22)	(1,418)	-	(21,300)
31 December 2021	-	-	216,029	549,681	29,051	114,205	-	908,966
Depreciation for the year	-	-	8,145	17,456	698	4,430	-	30,729
Depreciation on disposals/write-off	-	-	(12,905)	(6,276)	(1,182)	(4,565)	-	(24,928)
31 December 2022	-	-	211,269	560,861	28,567	114,070	-	914,767



(Unit: Thousand Baht)

## Separate financial statements (continued)

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>Allowance for impairment loss</b>								
1 January 2021	21,210	-	-	-	-	-	-	21,210
Increase during the year	5,319	-	-	-	-	-	-	5,319
Decrease during the year	(2,860)	-	-	-	-	-	-	(2,860)
31 December 2021	23,669	-	-	-	-	-	-	23,669
Decrease during the year	(15,515)	-	-	-	-	-	-	(15,515)
31 December 2022	8,154	-	-	-	-	-	-	8,154
<b>Net book value</b>								
31 December 2021	664,242	2,051	74,084	110,352	1,532	15,623	9,927	877,811
31 December 2022	678,487	2,115	65,445	136,403	2,039	20,129	3,853	908,471
<b>Depreciation for the years</b>								
2021 (Baht 29 million included in manufacturing cost, and the remaining balance in selling and distribution and administrative expenses)								30,387
2022 (Baht 30 million included in manufacturing cost, and the remaining balance in selling and distribution and administrative expenses)								30,729

As at 31 December 2022, certain items of plant and equipment of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 763 million (2021: Baht 772 million) (the Company only: Baht 747 million (2021: Baht 756 million)).

## 15. Leases

### 15.1 The Group as lessee

The Group entered into lease contract for the purposes of use in the Group's operations, whereby underlying asset is not allowed to be subleased and transferred to others, unless a prior written consent of the lessor has been obtained.

#### a) Right-of-use assets

Movements in the right-of-use assets account, which is land, for the years ended 31 December 2022 and 2021 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
1 January 2021	36,396	58,728
Differences from contract modification	138	-
Depreciation for the year	(1,552)	(2,498)
31 December 2021	34,982	56,230
Differences from contract modification	520	-
Depreciation for the year	(1,576)	(2,499)
31 December 2022	33,926	53,731

The subsidiary entered into a lease contract with the Treasury Department for an area of 4,294 rai, end of contract on 8 July 2044. The leasehold right has been used to secure a credit facility of Baht 30 million and the subsidiary is required to comply with prescribed terms and conditions.

#### b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Lease payments	71,253	73,611	107,558	111,114
Less: Deferred interest expenses	(27,741)	(30,619)	(43,853)	(46,924)
Total	43,512	42,992	63,705	64,190
Less: Portion due within one year	(408)	(345)	(509)	(485)
Portion due more than one year	43,104	42,647	63,196	63,705

Movements in the lease liability account for the years ended 31 December 2022 and 2021 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Balance at beginning of year	42,992	42,854	64,190	64,653
Additions	520	138	-	-
Accretion of interest	-	-	3,071	3,093
Repayments	-	-	(3,556)	(3,556)
Balance at end of year	<u>43,512</u>	<u>42,992</u>	<u>63,705</u>	<u>64,190</u>

A maturity analysis of lease payments is disclosed in Note 35.1 under the liquidity risk.

**c) Expenses relating to leases that are recognised in profit or loss**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December			
	2022	2021	2022	2021
Depreciation of right-of-use assets	1,576	1,552	2,499	2,498
Interest expenses of lease liabilities	-	-	3,071	3,093
Expenses relating to short-term leases	-	166	-	166
Expenses relating to leases of low-value assets	451	536	451	536

**d) Others**

The Group had total cash outflows for leases for the years ended 31 December 2022 and 2021 of Baht 3 million (the Company only: Baht 4 million), including the cash outflow related to short-term lease and leases of low-value assets.

## 16. Bearer plants

(Unit: Thousand Baht)

	Consolidated financial statements		
	Bearer plants	Bearer plants	Total
	ready for harvest	not ready for harvest	
<b>Cost</b>			
1 January 2021	625,123	10,247	635,370
Additions	-	4,394	4,394
Write-off	(8,201)	-	(8,201)
31 December 2021	616,922	14,641	631,563
Additions	-	5,924	5,924
Write-off	(6,923)	-	(6,923)
Transfer in (out)	5,050	(5,050)	-
31 December 2022	615,049	15,515	630,564
<b>Accumulated amortisation</b>			
1 January 2021	416,374	-	416,374
Amortisation charged for the year	11,029	-	11,029
Amortisation on write-off	(8,084)	-	(8,084)
31 December 2021	419,319	-	419,319
Amortisation charged for the year	10,410	-	10,410
Amortisation on write-off	(4,067)	-	(4,067)
31 December 2022	425,662	-	425,662
<b>Allowance for impairment loss</b>			
1 January 2021	22,663	-	22,663
Increase during the year	13,129	-	13,129
31 December 2021	35,792	-	35,792
Decrease during the year	(2,841)	-	(2,841)
31 December 2022	32,951	-	32,951
<b>Net book value</b>			
31 December 2021	161,811	14,641	176,452
31 December 2022	156,436	15,515	171,951
<b>Amortisation for the years</b> (included in manufacturing cost)			
2021			11,029
2022			10,410

(Unit: Thousand Baht)

	Separate financial statements		
	Bearer plants	Bearer plants	Total
	ready for harvest	not ready for harvest	
<b>Cost</b>			
1 January 2021	332,405	10,247	342,652
Additions	-	4,394	4,394
Write-off	(8,201)	-	(8,201)
31 December 2021	324,204	14,641	338,845
Additions	-	5,924	5,924
Write-off	(6,923)	-	(6,923)
Transfer in (out)	5,050	(5,050)	-
31 December 2022	322,331	15,515	337,846
<b>Accumulated amortisation</b>			
1 January 2021	123,656	-	123,656
Amortisation charged for the year	11,029	-	11,029
Amortisation on write-off	(8,084)	-	(8,084)
31 December 2021	126,601	-	126,601
Amortisation charged for the year	10,410	-	10,410
Amortisation on write-off	(4,067)	-	(4,067)
31 December 2022	132,944	-	132,944
<b>Allowance for impairment loss</b>			
1 January 2021	22,663	-	22,663
Increase during the year	13,129	-	13,129
31 December 2021	35,792	-	35,792
Decrease during the year	(2,841)	-	(2,841)
31 December 2022	32,951	-	32,951
<b>Net book value</b>			
31 December 2021	161,811	14,641	176,452
31 December 2022	156,436	15,515	171,951
<b>Amortisation for the years</b> (included in manufacturing cost)			
2021			11,029
2022			10,410

As at 31 December 2022, the land used by the Company for palm oil plantation includes 13,478 rai for which there are land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3). For the remaining, land possessory rights have been transferred to the Company and it is in the process of acquiring legal documentation of ownership.

A permit from Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary has leased the land of 13,030 rai to the Company for utilisation. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land and the request is under consideration of such government unit. However, on 11 May 2022, that subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for 1 year, expired on 11 May 2023 and the subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

#### 17. Short-term loans from financial institutions

	Interest rate		(Unit: Thousand Baht)	
	(% per annum)		Consolidated/Separate	
	2022	2021	2022	2021
Short-term loans from financial institutions	1.90	1.05 - 1.10	40,000	145,000
Total			40,000	145,000

#### 18. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2022	2021	2022	2021
Trade payables - unrelated parties	8,694	12,606	8,694	12,606
Other payables - related parties (Note 6)	-	-	259,454	277,703
Other payables - unrelated parties	3,543	2,864	3,543	2,864
Payables for purchase of assets -				
unrelated parties	1,496	771	1,496	771
Accrued expenses	16,344	19,526	16,195	19,377
Total trade and other payables	30,077	35,767	289,382	313,321

As at 31 December 2022 and 2021, other payables - related party is represented payable of rental charge and related accrued interest which carry an interest at a rate of THBFIX + 1% per annum for past due balance of rental charge payable. A subsidiary considered changing its interest rate to BIBOR + 1% per annum.



## 19. Long-term loan

			(Unit: Thousand Baht)	
			Consolidated/Separate	
			financial statements	
Loan	Interest rate (% per annum)	Repayment schedule	2022	2021
1	3M BIBOR + 1.50	Repayable in 12 quarterly installments, with the first due in July 2021	25,000	50,000
2	3M BIBOR + 1.50	Repayable in 12 quarterly installments, with the first due in March 2022	33,333	50,000
Total			58,333	100,000
Less: Portion due within one year			(31,667)	(36,667)
Portion due more than one year			26,666	63,333

Movements in the long-term loan account for the years ended 31 December 2022 and 2021 are summarised below.

			(Unit: Thousand Baht)	
			Consolidated/Separate	
			financial statements	
			2022	2021
Balance at beginning of year			100,000	-
Addition during the year			-	110,000
Repayment during the year			(41,667)	(10,000)
Balance at end of year			58,333	100,000

The long-term loan is clean loan with a negative pledge of assets belonging to the Company. The loan agreement contains covenant relating to maintenance of certain financial ratios specified in the agreement.

## 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	Termination benefits		Long-term employee benefits	
	2022	2021	2022	2021
Balance at beginning of year	-	-	17,390	18,423
Included in profit or loss:				
Current service cost	-	-	950	985
Interest cost	-	-	147	147
Termination benefits	309	1,147	-	-
Total	309	1,147	1,097	1,132
Benefits paid during the year	(309)	(1,147)	(1,178)	(2,165)
Balance at end of year	-	-	17,309	17,390

The Company had obligations in respect of compensations payable to employees who voluntarily participated in early retirement schemes. The Company considered these compensations as termination benefits and recorded additional compensations to employees as expenses.

The Company expects to pay Baht 3 million of long-term employee benefits during the next year (2021: Baht 1 million).

As at 31 December 2022 and 2021, the weighted average duration of the liabilities for long-term employee benefit is 10 years.

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated/Separate financial statements	
	2022	2021
	(% per annum)	(% per annum)
Discount rate	1.1	1.1
Salary increase rate	4.0	4.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	2022		2021	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Discount rate	(296)	312	(296)	312
Salary increase rate	380	(350)	380	(350)

## 21. Income tax

Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Current income tax:</b>				
Current income tax charge	78,440	16,654	76,734	15,073
Adjustment of income tax charge for previous year	631	-	631	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(8,911)	29,141	(8,999)	29,045
<b>Income tax expenses reported in profit or loss</b>	<b>70,160</b>	<b>45,795</b>	<b>68,366</b>	<b>44,118</b>

The reconciliation between accounting profit and income tax expenses.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Accounting profit before tax	387,442	352,609	346,363	345,332
Applicable tax rates	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rates	77,300	70,334	69,273	69,066
Adjustment of income tax charge for previous year	631	-	631	-
Share of profit from a joint venture	(7,176)	(715)	-	-
Effects of:				
Promotional privileges (Note 25)	(857)	(23,935)	(857)	(23,935)
Non-deductible expenses	1,056	811	809	564
Additional expense deductions allowed	(794)	(700)	(794)	(700)
Dividend received	-	-	(696)	(877)
Total	(595)	(23,824)	(1,538)	(24,948)
Income tax expenses reported in profit or loss	70,160	45,795	68,366	44,118

As at 31 December 2022 and 2021, the components of deferred tax assets (liabilities) are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories	1,772	-	1,772	-
Allowance for assets impairment	8,221	11,922	8,221	11,922
Provision for long-term employee benefits	3,462	3,478	3,462	3,478
Leases	1,917	1,602	1,995	1,592
Total	15,372	17,002	15,450	16,992
<b>Deferred tax liabilities</b>				
Change in fair value of biological assets and the differences between fair value and costs of agricultural produce	(38,069)	(48,266)	(38,069)	(48,266)
Revenue recognition under leases	(144)	(488)	(144)	(488)
Total	(38,213)	(48,754)	(38,213)	(48,754)
Net	(22,841)	(31,752)	(22,763)	(31,762)

## 22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

According to the Thai Civil and Commercial Code, the subsidiary is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the subsidiary pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment. At present, the statutory reserve has fully been set aside.

## 23. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Interest expenses on borrowing	2,818	4,446	2,818	4,446
Interest expenses on lease liabilities	-	-	3,071	3,093
Interest expenses on other payables	-	-	3,917	3,360
Total	2,818	4,446	9,806	10,899

## 24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Salary and wages and other employee benefits	93,276	96,583	93,276	96,583
Depreciation	32,305	31,939	33,228	32,885
Amortisation	10,456	11,105	10,456	11,105
Transportation expenses	38,930	40,972	38,930	40,972
Rental expenses	2,994	3,091	3,582	3,707
Repair and maintenance expenses	41,065	38,616	41,065	38,616
Raw materials and consumables used	1,553,026	1,540,642	1,553,026	1,540,642
Changes in finished goods and work in process	13,225	(133,319)	13,225	(133,319)

## 25. Promotional privileges

The Company has received promotional privileges from the Board of Investment for various operations subject to certain imposed conditions. Details are as follows.

<u>Certificate No.</u>	<u>Principal privileges</u>
1043(2)/2548 Generation of electricity from biomasses	- Exemption from corporate income tax on income from the promoted operations for a period of 8 years from the date of first earning operating income (21 August 2015).
65-0092-1-00-1-0 Generation of electricity from biogases	- Exemption from corporate income tax on income from the promoted operations for a period of 8 years from the date of first earning operating income (27 September 2022).

The Company's operating revenues for the years ended 31 December 2022 and 2021, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	<u>Promoted operations</u>		<u>Non-promoted operations</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue	9,287	970,453	2,228,242	1,103,991	2,237,529	2,074,444

## 26. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the year (Thousand Baht)	317,281	306,814	277,996	301,214
Weighted average number of				
ordinary shares (Thousand shares)	324,050	324,050	324,050	324,050
Earnings per share (Baht)	0.98	0.95	0.86	0.93

## 27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Group's business operations involve 2 principal segments (1) oil palm plantation, crude palm oil and crude palm kernel oil processing (2) generation of electricity from biogases and biomasses. These activities are carried on exclusively in the single geographic area of Thailand. During the years, there were no material activities pertaining to the generation of electricity from biogases and biomasses segment for the Group. Accordingly, most of the revenues, operating profit and assets as reflected in these financial statements pertain to the industry segment (1) and geographic area as mentioned above.

For the years 2022 and 2021, the Group has revenue from one major customer in amount of Baht 1,533 million and Baht 1,642 million, respectively, arising from oil palm plantation, crude palm oil and crude palm kernel oil processing segment.

## 28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5% of basic salary. However, for employees who joined the Company from 15 January 2010 onwards, the contribution rates are 2% - 5% of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2022 amounting to Baht 2 million were recognised as expenses (2021: Baht 1 million).

## 29. Dividends

Dividends	Approved by	Consolidated/Separate financial statements	
		Total dividends (Million Baht)	Dividends per share (Baht)
Final dividends for 2020	Annual General Meeting of the shareholders on 23 April 2021	65	0.20
<b>Total for 2021</b>		<b>65</b>	<b>0.20</b>
Final dividends for 2021	Annual General Meeting of the shareholders on 8 April 2022	162	0.50
<b>Total for 2022</b>		<b>162</b>	<b>0.50</b>



### **30. Commitments and contingent liabilities**

#### **30.1 Capital commitments**

As at 31 December 2022, the Company had capital commitments of Baht 14 million (2021: Baht 9 million and EUR 0.5 million), relating to acquisition of machine and equipment.

#### **30.2 Guarantees**

As at 31 December 2022, there were outstanding bank guarantees of Baht 4 million (2021: Baht 3 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

### **31. Rights to utilise land**

- a) On 11 April 2008, the Company attended a meeting with a working committee responsible for reviewing practical methods and negotiations for the distribution of land belonging to holders of large plots in land reform areas to farmers, which was appointed by the Surat Thani Land Reform Commission. The purpose of the meeting was to find a practical solution to the land dispute arising from the Company holding land covering a total area of 1,210 rai in designated forest areas and 276 rai in land reform areas. These land plots represent 3% of the current total area utilised by the Company. A land reform area with a total of 276 rai represents a large landholding, and the land possession is above the threshold allowed under Section 30 of the Land Reform for Agriculture Act.

In designated forest areas, the Company has no ownership documents of the plots where trespassers have occupied since 2007. Currently, the Company involves neither possession nor utilisation of the land plots. As a result, the Company wrote off the cost of land and net book value of the cost of oil palm plantation development amounting to Baht 2.4 million in the 2021 financial statements.

- b) On 9 March 2020, the ALRO issued a notice designating land plots No. 602 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 683 rai, as a prospective area for land reform which is not incorporated in a land reform program. A landowner was required to produce evidence and documentation regarding land rights under the Land Code or other relevant laws within 15 days from 31 March 2020, the date the notice was posted at the ALRO in Krabi.

In 2020 and 2021, the Company brought a legal action regarding rights over the land plots.

On 10 March 2022, the ALRO in Krabi submitted an additional statement lodging an objection against the Company's testimony. On 29 June 2022, the Supreme Administrative Court upheld the Administrative Court of First Instance's judgement not accepting a lawsuit since the Company filed the lawsuit after the end of the filing period. The case is therefore finalised.

However, the Company wrote off the cost of land and net book value of the cost of oil palm plantation development in the 2022 financial statements.

- c) On 21 July 2020, the ALRO issued a notice designating land plots No. 603 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 3,617 rai, as a targeted area for land reform and bringing a legal action against any illegal encroachment. Owners of the designated areas were required to submit a petition with evidence and documents regarding land rights under the Land Code or other applicable laws within 15 days from the date the notice was announced at the ALRO in Krabi, i.e. from 19 August 2020. On 3 September 2020, the Company as a landowner submitted a petition with evidence and documents regarding land rights over the designated land plots.

In 2020 and 2021, the Company brought a legal action regarding rights over the land plots.

On 10 March 2022, the ALRO in Krabi submitted an additional statement to overcome the Company's objection. On 29 June 2022, the Supreme Administrative Court upheld the Administrative Court of First Instance's judgement not accepting a lawsuit concerning the revocation of the notice of ALRO on designating a targeted area for land reform because the Company filed the lawsuit after the end of the filing period. However, the Supreme Administrative Court accepted a lawsuit concerning the revocation of the order on vacating the land plots and removing all constructions in the targeted area. The Supreme Administrative Court is currently reviewing this case.

The Company set aside an allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development amounting to Baht 13 million as expenses in the 2021 financial statements.

- d) On 4 June 2021, the ALRO announced that land plots No. 604 in Khao Phanom Sub-district and Phru Tiao Sub-district, Khao Phanom District, Krabi, covering a total area of 4,200 rai, were a prospective area for land reform which is not incorporated in a land reform program. A landowner was required to provide evidence and documentation regarding land rights under the Land Code or other applicable laws within 15 days from the date the announcement was posted at the ALRO in Krabi.

In 2021, the Company produced possession documentation with the ALRO in Krabi regarding rights over the land plots.

On 6 December 2022, the Company received a letter from the ALRO in Krabi, informing of evaluation results, which evidence relating to possession of such prospective area was unjustifiable. Subsequently, on 16 December 2022, the Company lodged an objection.

On 29 December 2022, the ALRO in Krabi sent a letter informing that the ALRO's judgement was final and conclusive. If the Company objected to the judgement, the Company could file a lawsuit with the Phuket Administrative Court.

However, the Company set aside an allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development amounting to Baht 27 million as expenses in the 2018 financial statements and wrote off the net book value of the cost of building and equipment by Baht 2 million in the 2022 financial statements.

## **32. Litigation**

- a) On 6 July 2020, the Company was served with a summons in a criminal action involving alleged trespass, which the ALRO in Krabi had made an allegation against the Company. Krabi chief public prosecutor issued a letter requiring inquiry officers to follow up on and pursue the case against the Company. On 20 August 2020, the Company turned themselves in to the authorities and acknowledged the allegation. On 18 September 2020, the Company submitted a written testimony to inquiry officers.

On 9 September 2021, Krabi chief public prosecutor filed a lawsuit against the Company with the Court, alleging that the Company utilised the land of 3,978-2-24 rai in the land reform area for oil palm plantation in violation of Section 9,108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor requested the Court to give an eviction order to the Company.

On 12 October 2022, the Court dismissed the case. The case is pending appeal by Krabi chief public prosecutor.

- b) The Company faced a legal action brought by a group of villagers who claimed to be farmers and filed a petition to the Central Administrative Court, seeking its judicial consideration to order the Land Department to revoke the Company's land title deeds of 13 plots, covering a total area of 82 rai, and 10 plots under Nor Sor 3 Kor certificates, covering a total area of 325 rai, in Bang Sawan Sub-district, Phra Saeng District, Surat Thani. The villagers alleged that land officers had issued the documentation in an unethical manner.

On 19 March 2021, the Central Administrative Court rendered a judgement ordering the Director-General of Surat Thani Land Office and land officers of Surat Thani Province, Phra Saeng Branch, to perform duties under Section 61 of the Land Code in revoking or amending the Company's land title deeds of 13 plots and 10 plots under Nor Sor 3 Kor certificates to ensure the legitimacy of the deeds, and the Director-General of the Forest Department shall conduct relevant actions under his authority to evict the Company from the disputed land within 180 days from the date the case is finalised.

On 16 April 2021, the Company appealed against the judgement to the Supreme Administrative Court. The management believed that the Company could probably successfully appeal against the judgment thanks to evidence at hand.

- c) On 25 November 2022, the Land Department issued a letter ordering the revocation of the Company's land title deeds 10 plots in Bang Sawan Sub-district, Phra Saeng District, Surat Thani. These title deeds were issued following a project of surveying land title deeds in 2006 by reference to Nor Sor 3 Kor certificates on the exact location as issued in a project of surveying Nor Sor 3 Kor certificates in 1981, which were issued in an illegitimate manner.

On 9 December 2022, the Company appealed against the revocation order and filed a lawsuit with the Central Administrative Court on 1 February 2023.

However, if the Company loses land plots, the cost of land and net book value of the cost of oil palm plantation developments will be decreased by Baht 0.5 million.

### **33. Compensation from insurance**

In September 2022, the Company received full compensation from business interruption insurance for the fire incident at the Krabi factory in 2020.

### 34. Fair value hierarchy

As of 31 December 2022 and 2021, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)				
Consolidated/Separate financial statements				
As at 31 December 2022				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Biological assets	-	14,675	188,851	203,526

(Unit: Thousand Baht)				
Consolidated/Separate financial statements				
As at 31 December 2021				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Biological assets	-	13,462	98,811	112,273

During the years 2022 and 2021, there was no transfer within the fair value hierarchy.

### 35. Financial instruments

#### 35.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, loans, short-term and long-term borrowings and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

##### **Credit risk**

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

##### **Trade receivables**

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and coverage by letters of credit for some customers and other forms of credit insurance. The Group does not hold collateral as security. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

### ***Financial instruments and cash deposits***

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management on an annual basis and proposed the increment of credit limits for approval by the Company's Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### **Market risk**

There are three types of market risk comprising foreign currency risk, interest rate risk and commodity price risk.

### ***Foreign currency risk***

The Group exposure to foreign currency risk arises mainly from machinery purchase transactions that are denominated in foreign currency. The Group manages its exposure to foreign currency risk by considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur. The Group had no forward contracts outstanding at the end of reporting period.

### ***Interest rate risk***

The Group's exposure to interest rate risk relates primarily to its cash at banks, loans and short-term and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by having a balanced portfolio of interest rate borrowings.

As at 31 December 2022 and 2021, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

## Consolidated financial statements

	Fixed interest rates						Floating		Non-interest		Effective			
	Within 1 year		1 - 5 years		Over 5 years		interest rate		bearing		Total		interest rate	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	( % per annum)													
Financial assets														
Cash and cash equivalents	-	-	-	-	-	-	98,750	31,585	1,186	1,197	99,936	32,782	0.05 - 0.35	0.05 - 0.13
Trade and other receivables	-	-	-	-	-	-	-	-	37,081	226,958	37,081	226,958	-	-
Lease receivables	699	1,545	21	896	-	-	-	-	-	-	720	2,441	1.80	1.80
Long-term loan to other company	-	-	-	-	-	-	16,560	17,480	-	-	16,560	17,480	THBFIX + 1	THBFIX + 1
	699	1,545	21	896	-	-	115,310	49,065	38,267	228,155	154,297	279,661		
Financial liabilities														
Short-term loans from financial institution	40,000	145,000	-	-	-	-	-	-	-	-	40,000	145,000	1.90	1.05 - 1.10
Trade and other payables	-	-	-	-	-	-	-	-	30,077	35,767	30,077	35,767	-	-
Long-term loan	-	-	-	-	-	-	58,333	100,000	-	-	58,333	100,000	3M	3M
													BIBOR + 1.5	BIBOR + 1.5
Lease liabilities	408	345	3,170	2,491	39,934	40,156	-	-	-	-	43,512	42,992	4.50	4.70
	40,408	145,345	3,170	2,491	39,934	40,156	58,333	100,000	30,077	35,767	171,922	323,759		



(Unit: Thousand Baht)

	Separate financial statements													
	Fixed interest rates						Floating		Non-interest		Effective			
	Within 1 year		1 - 5 years		Over 5 years		interest rate		bearing		Total		interest rate	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(% per annum)													
Financial assets														
Cash and cash equivalents	-	-	-	-	-	-	60,342	15,539	1,178	1,190	61,520	16,729	0.05 - 0.35	0.05 - 0.13
Trade and other receivables	-	-	-	-	-	-	-	-	36,992	226,903	36,992	226,903	-	-
Lease receivables	699	1,545	21	896	-	-	-	-	-	-	720	2,441	1.80	1.80
	699	1,545	21	896	-	-	60,342	15,539	38,170	228,093	99,232	246,073		
Financial liabilities														
Short-term loans from financial institution	40,000	145,000	-	-	-	-	-	-	-	-	40,000	145,000	1.90	1.05 - 1.10
Trade and other payables	-	-	-	-	-	-	259,454	277,703	29,928	35,618	289,382	313,321	THBFIX + 1	THBFIX + 1
Long-term loan	-	-	-	-	-	-	58,333	100,000	-	-	58,333	100,000	3M	3M
													BIBOR + 1.5	BIBOR + 1.5
Lease liabilities	509	485	4,326	3,605	58,870	60,100	-	-	-	-	63,705	64,190	4.80	4.80
	40,509	145,485	4,326	3,605	58,870	60,100	317,787	377,703	29,928	35,618	451,420	622,511		

The sensitivity of the Group's profit before tax and shareholder's equity to a reasonably possible change in bear floating interest rates on cash at banks, loans and other payables as at 31 December 2022 of 1% increase or decrease in interest rates, with other variables held constant, would not be material.

### **Commodity price risk**

The Group is exposed to commodity price risk from fresh palm fruit and crude palm oil. Price volatility has depended on the supply among the market. The Group has policy for procurement and inventory management that are managed by considering planned production volume and changes in the price of fresh palm fruit and crude palm oil.

### **Liquidity risk**

This is the risks that the Group will be unable to pay debts and meet obligations when due, because of inability to timely convert assets into cash when settlement is due, obtain sufficient funds to meet the funding needs, or is able to obtain funds but at the cost that is beyond an acceptable level. These risks may affect the Group's income and financial position.

The Group has a liquidity management policy, control of liquidity risk at acceptable levels, which stipulates the tools to be used for monitoring and controlling liquidity risk by the management. The tools used for liquidity risk management include estimate of cash inflows and outflows to assess liquidity position on various periods, manage liquidity to be available for debt repayment on due and analysis of key financial ratios. In addition, the Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

	(Unit: Thousand Baht)				
	Consolidated financial statements				
	As at 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from financial institutions	40,062	-	-	-	40,062
Trade and other payables	-	30,077	-	-	30,077
Long-term loan	-	32,950	27,034	-	59,984
Lease liabilities	-	2,358	10,672	58,223	71,253
<b>Total non-derivatives</b>	<b>40,062</b>	<b>65,385</b>	<b>37,706</b>	<b>58,223</b>	<b>201,376</b>

(Unit: Thousand Baht)

## Separate financial statements

As at 31 December 2022

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from financial institutions	40,062	-	-	-	40,062
Trade and other payables	-	289,382	-	-	289,382
Long-term loan	-	32,950	27,034	-	59,984
Lease liabilities	-	3,556	16,089	87,913	107,558
<b>Total non-derivatives</b>	<b>40,062</b>	<b>325,888</b>	<b>43,123</b>	<b>87,913</b>	<b>496,986</b>

(Unit: Thousand Baht)

## Consolidated financial statements

As at 31 December 2021

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from financial institutions	145,006	-	-	-	145,006
Trade and other payables	-	35,767	-	-	35,767
Long-term loan	-	38,334	64,578	-	102,912
Lease liabilities	-	2,358	10,318	60,935	73,611
<b>Total non-derivatives</b>	<b>145,006</b>	<b>76,459</b>	<b>74,896</b>	<b>60,935</b>	<b>357,296</b>

(Unit: Thousand Baht)

## Separate financial statements

As at 31 December 2021

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from financial institutions	145,006	-	-	-	145,006
Trade and other payables	-	313,321	-	-	313,321
Long-term loan	-	38,334	64,578	-	102,912
Lease liabilities	-	3,556	15,556	92,002	111,114
<b>Total non-derivatives</b>	<b>145,006</b>	<b>355,211</b>	<b>80,134</b>	<b>92,002</b>	<b>672,353</b>

## 35.2 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

## 36. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximize shareholder value and it meets financial covenants attached to the loan agreements. The Group has complied with these covenants throughout the reporting periods.

As at 31 December 2022, the Group's debt-to-equity ratio was 0.15:1 (2021: 0.28:1) and the Company's was 0.34:1 (2021: 0.50:1).

## 37. Reclassification

The Group reclassified certain amounts in the financial statements for the year ended 31 December 2021 to conform with the current year's classification as follows.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Other income	70,651	45,729	70,651	45,729
Cost of sales	1,721,271	1,696,349	1,722,834	1,697,912

The reclassifications had no effect to previously reported profit or shareholders' equity.

## 38. Event after the reporting period

On 23 February 2023, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend from operating results for the year 2022 of Baht 0.45 per share, or a total of Baht 146 million, for approval by the Annual General Meeting of the Company's shareholders for the year 2023.

## 39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2023.