

The FGV logo is located in the top right corner. It consists of the letters 'FGV' in a white, bold, sans-serif font. Below the letters are two horizontal swooshes: the top one is yellow and the bottom one is red. The entire logo is set against a dark maroon background that has a torn-paper-like edge on its left side.

FGV

The background of the cover features a light mint green color. On the left side, there are several large, flowing, abstract shapes in shades of orange, yellow, and red, creating a sense of movement and energy.

PROGRESSING **SUSTAINABLY**

SUSTAINABILITY REPORT 2022/2023



PROGRESSING **SUSTAINABLY**

Every day, we strive to advance our purpose of building a sustainable future for all, through the work that we do at FGV. As an organisation that is reliant on the natural resources of the land, we are deeply committed to nurturing a better planet for the next generation. We endeavour to achieve this by conscientiously cultivating the land, fostering an ecosystem that promotes inclusive growth for all. Additionally, we aim to develop affordable and high-quality products that are easily accessible, while also employing responsible business practices that create value. In doing so, we aim to ensure that resources are used responsibly and benefits are shared widely. The theme of this Sustainability Report, '**Progressing Sustainably**,' mirrors our determination to shape the sustainable future that we envision. With this commitment, we aim to achieve equitable, prudent, and enduring growth, ensuring that we remain a force in delivering sustainable foods and agriproducts for generations to come.

COVER RATIONALE

Our cover design for the year draws inspiration from the dynamic strokes of the FGV logo, embodying the essence of our organisation's energy and resilience in the face of challenges. Positioned to symbolise forward momentum, these strokes encapsulate our commitment to progress, innovation, and sustainability. Reflecting the core values of FGV, the design represents simplicity, a focus on strengthening foundations, and a relentless drive for advancement through collaborative efforts and an inclusive mindset.

Scan Me

Please play your part by choosing to access our Report digitally. You can download it from our corporate website or by scanning the QR code.



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16TH ANNUAL GENERAL MEETING



Thursday, 20 June 2024



11:00 a.m.



<https://meeting.boardroomlimited.my>
(virtual meeting platform)

BASIS OF THIS REPORT

We are proud to present our 6th standalone Sustainability Report (SR), which complements the FGV Annual Integrated Report (AIR) 2023. This SR provides a comprehensive overview of our sustainability-related efforts, reflecting our commitment to FGV's Group Sustainability Policy (GSP). This SR communicates FGV's sustainability goals and achievements, demonstrating FGV's steadfastness in creating positive environmental, social and governance (ESG) impacts.

We strive to enhance our reporting disclosures to provide our stakeholders with a better understanding of how FGV generates and sustains value. The purpose of this Report is to communicate effectively with all our stakeholders, enabling them to make decisions about our sustainability performance and future prospects. Our sustainability initiatives are rooted in economic inclusivity, respecting human rights and environmental protection, underlining our dedication to embedding sustainability in our operations, decision-making and activities. With dynamic insights and interactive elements, this Report underscores FGV's commitment to addressing global sustainability challenges and contributing to the UN Sustainable Development Goals (UN SDGs) by actively addressing sustainability issues.

2023 REPORTING SUITE

For a comprehensive overview of our performance and prospects, this Report should be read in conjunction with the accompanying reports in our Reporting Suite below and other information accessible on our website.



REPORTING PERIOD, SCOPE AND BOUNDARIES

FGV's Sustainability Report is issued every two years, with an annual update featured in the sustainability statement of the Annual Integrated Report. This Sustainability Report covers the operations and subsidiaries in Malaysia, as well as FGV's headquarters in Kuala Lumpur for the period of 1 January 2022 to 31 December 2023. The scope for this report is FGV Group's business, subsidiaries and operations in Malaysia excluding joint ventures and associates. This report does not cover subsidiaries, joint ventures and associates outside of Malaysia.

REPORTING FRAMEWORKS AND STANDARDS

To uphold high standards of reporting practices, we have complied with local and international reporting frameworks.

As such, we have ensured that this Report has been prepared with reference to the Global Reporting Initiative (GRI) Universal Standards 2021. It complies with the enhanced Sustainability Requirements of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and contains the nine sustainability matters common indicators required to be reported for financial year ending 2023. In addition, the SR makes reference to the relevant United Nations Sustainable Development Goals (UN SDGs).

BASIS OF THIS REPORT

MATERIAL MATTERS

We undertake a Materiality Assessment every two years. The content of this SR is based on FGV's sustainability material matters, which were identified via a comprehensive materiality assessment held in 2023. We have identified 20 material issues, including four new material matters and Bursa Malaysia's mandatory material matters.



More information on Material Matters can be found on pages 112 to 114.

In developing this report, we considered both qualitative and quantitative factors that could impact our strategic objectives and the sustainability of our business. This includes issues discussed in reports to our Board of Directors, identified risks, and the interests of our stakeholders. Additionally, we have taken into account the material impacts in the countries and regions where we operate.

FORWARD-LOOKING STATEMENTS

In this SR, we include forward-looking statements about our Group's plans, objectives, strategies, future operations and performance. However, these statements should not be considered guarantees of future operating, financial or other results as we remain subject to risks, uncertainties and assumptions. Actual results and outcomes may significantly differ from forward-looking statements, whether expressed or implied. We are under no obligation to update these forward-looking statements or the historical information included in this SR. The Group makes no express or implied representation or warranty that the results targeted by these forward-looking statements will be achieved.

ASSURANCE

As part of our commitment to transparency and accountability, an external independent third party has conducted independent limited assurance for selected FY2023 indicators in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements ("ISAE") 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

The subject matter of the assurance covers the FY2023 data for the following indicators:

- Total amount invested in the community where the target beneficiaries are external to the listed issuer
- Percentage of directors by gender and age group
- Number of work-related fatalities
- Lost time incident rate.

We have taken rigorous measures to ensure the accuracy, consistency, and comprehensiveness of the information presented to maintain the Report's integrity. This SR has been reviewed by the Reporting Committee to ensure alignment with national and global reporting standards and frameworks.

Alongside FGV's AIR and Audited Financial Statements, this SR has been reviewed by the Board Sustainability Committee before being presented to the Board for approval. The review and approval process is in line with our stringent governance practices.



More information on Assurance Statement can be found on pages 122 to 125.

FEEDBACK

Your input is important in shaping our sustainability journey. We believe that enhancing our reporting practices and standards requires ongoing engagement and collaboration throughout the year. For any feedback or questions, please reach out to our Group Sustainability Division at



03-2789 0000



sustainability@fgvholdings.com

BASIS OF THIS REPORT

NAVIGATING
THIS REPORT

All icons featured here are Navigation Icons that will be consistently featured within our reports as a guide towards better integration and presentation of information.

SIX CAPITALS

Natural

Financial

Intellectual

Human

Social & Relationship

Manufactured

OUR STRATEGIC THRUSTS

Operational Improvement

New Growth Areas

Product & Market Penetration

Financial & Capability Building

OUR STAKEHOLDER GROUPS

Board of Directors & Employees

Joint Ventures & Business Partners

Customers

Media

FELDA and FELDA Settlers

NGOs

Field Workers*

Regulators & Governments

Investors & Capital Providers

Suppliers

* FGV's field workers are its operational labour

ALIGNMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)

We align our sustainability strategies and initiatives with 13 of the United Nations Sustainable Development Goals (UN SDGs) as below in our efforts to contribute to a more sustainable future.



SECTION ONE

OUR SUSTAINABILITY JOURNEY

Joint Leaders' Statement

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JOINT LEADERSHIP STATEMENT

Dear Valued Stakeholders,

It gives us great honour to present FGV's Sustainability Report for 2022 and 2023. We are pleased to report that FGV has made commendable progress in advancing our sustainability agenda across the three key sustainability tenets of Environment, Social and Governance (ESG). This message highlights our main achievements and the challenges we continue to face, providing insights into our plans for the future.



Tan Sri Rastam Mohd Isa
Chairman

Dato' Mohd Nazrul Izam Mansor
Group Chief Executive Officer

JOINT LEADERSHIP STATEMENT

OVERVIEW

Over the past two years, FGV has continued to place sustainability at the forefront of our operations and strategic vision, aligning our actions with key sustainability themes that are central to our industry. We recognise the urgent need for climate resilience and have developed a comprehensive climate action plan to mitigate climate risk and adapt to climate change. Key to this initiative is our pledge to halve GHG emissions by 2030, aligning with our broader ambition of achieving net-zero emissions by 2050.



2023 HIGHLIGHTS

Total Property, Plant
and Equipment

RM7.91
million

Total Profit Before
Zakat and Taxation

RM336
million

Total Profit for the
Financial Year

RM112
million

In alignment with evolving global standards and regulations, FGV has embraced a robust stance on sustainability-related legislation. Our dedication is exemplified through our No Deforestation, No Planting on Peat, and No Exploitation (NDPE) policy. Through stringent measures, such as the protection of High Carbon Stock (HCS) Forests and High Conservation Value (HCV) Areas, the elimination of open burning across all premises, and the prohibition of hazardous agrochemical use, we are steadfastly advancing our environmental stewardship.

Concurrently, our unwavering commitment to upholding human rights and labour standards ensures that our business operations remain free from exploitation. Key initiatives in this domain include the establishment of a sound grievance mechanism, rigorous pre-sourcing assessments for labour standards compliance, and the strict enforcement of the 'no recruitment fee' policy in the recruitment of migrant workers.

Recognising the pivotal role of smallholders within our supply chain, FGV has launched targeted capacity-building programmes. These initiatives aim to foster awareness and empower independent smallholders, underlining our commitment to inclusivity and sustainability. By engaging directly with these stakeholders we are championing an inclusive and sustainable supply chain.

FGV's commitment to transparency and accountability is further underscored by our robust traceability system. This system enables us to meticulously monitor the provenance of supplied and raw materials, ensuring that every link in our supply chain upholds a high standard of sustainability and ethical conduct.

Ultimately, we aim to achieve better outcomes by collaborating with the broadest spectrum of stakeholders. From non-profit organisations and United Nations agencies to government bodies and business networks, our collaborative endeavours seek to harness collective expertise and resources to meet our sustainability goals. Together, we are actively integrating ESG-related measures that drive sustainable value creation, ensuring that our actions resonate with our shareholders' long-term aspirations.

OUR COMMITMENT TO GOOD GOVERNANCE

We adopt a tone-from-the-top approach in sustainability governance. FGV's Board has oversight of sustainability-related matters, including climate-related risks and opportunities. The Board is supported by the Board Sustainability Committee (BSC) to oversee our Group policies, principles and operations related to sustainability. Assisting the BSC is the Sustainability Steering Committee (SSC), which is responsible for addressing sustainability-related issues such as human rights and environmental stewardship while ensuring compliance with greenhouse gas (GHG) emission targets. The mandate extends across FGV's operations, including plantations, mills, refineries, and bottling plants in Johor, reflecting the Company's broad operational scope. The Board is also supported by the Audit Committee and the Board Governance and Risk Management Committee (BGRMC) to oversee matters beyond financial management, including internal audit concerns.

Additionally, we recognise the importance of market expectations where FGV operates. We ensure that our policies and operations are aligned with recognised sustainability and governance standards. To further ensure accountability, FGV has a whistleblowing policy to address governance or ethical issues promptly.

JOINT LEADERSHIP STATEMENT

During the review period, we identified a deforested area of 25 hectares associated with an indirect fresh fruit bunch (FFB) supplier. This discovery was made through the Global Forest Watch Pro platform that can trace and monitor deforestation activities, which we use to monitor areas owned by our suppliers in line with our NDPE policy. Despite attempts to engage with the FFB dealer collaborating with this supplier for corrective action, there was no response. Consequently, FGV has discontinued all business transactions with the FFB dealer, demonstrating our seriousness to promote adherence to sustainability standards across our supply chain.

FGV is also committed to a diverse and inclusive workplace. The Gender Equality and Women Empowerment (GEWE) committee is instrumental in promoting gender equality, emphasising women's representation at senior levels within the organisation. In conjunction with International Women's Day in March 2023, FGV organised a panel discussion on Women's Empowerment and Gender Equality in the Palm Oil Sector with LeadWomen as a supporting partner. The event gathered over 100 participants from various sectors including government agencies, corporate sectors, civil society organisations, UN agencies as well as the diplomatic corps. During the event, FGV also officially announced its commitment as a signatory to the Women's Empowerment Principles (WEPs) to further promote women's rights within its operations.

Participants were introduced to the Anti-Sexual Harassment Act 2022 and the relevant international standards relating to gender equality in the palm oil sector, particularly the RSPO Principles and Criteria and the WEPs.



OUR COMMITMENT TO SOCIETY

At FGV, our operations are deeply interwoven with a steadfast commitment to society. As Malaysia's largest offtaker of palm fruits produced by smallholders, our operations transcend the traditional boundaries of commercial enterprise. Annually, we produce three million tonnes of Crude Palm Oil (CPO) where two-thirds originate from fruits procured directly from smallholders. This commitment to purchasing such volumes underscores our deep-rooted connections with these communities and reflects the positive effect we can have on their economic upliftment.

The remaining one-third of our CPO production, derived from our own plantations, is also important as it not only constitutes the margin-earning segment of our business but also serves a higher purpose. These earnings are strategically utilised to offset the elevated social costs we willingly incur, ensuring that our commitment to the community remains unwavering. This effectively makes FGV a business with the stripes of a social enterprise. While this approach may put us at odds with the goal of a business to maximise profit, this distinction sets FGV apart from its peers, and we believe it is something that our investors must be well aware of.

In addition, our engagement with the settlers of FELDA often goes beyond transactional interactions. We recognise the intrinsic value of our smallholders and we continue to support them through consultation sessions to understand how we can help them further. This is particularly important in ensuring our smallholders are implementing sustainable practices in order to obtain MSPO certification. Through the Independent Smallholders Consultation programme that we started in 2022 in collaboration with the Malaysian Palm Oil Board (MPOB) and the Malaysian Palm Oil Certification Council (MPOCC), we have found that smallholders require technical support, training and financial support to meet MSPO certification requirements. Thus, from 2022 to 2023, a total number of 721 smallholders attended our smallholder training programme which provided technical advice and updates on the palm oil industry's development, challenges, and regulatory requirements.

Beyond our socio-economic contributions, FGV's operations also play a pivotal role in ensuring national food security. Palm oil, a versatile and essential commodity, finds its way into various products, from food items to biofuels. By consistently producing vast quantities of high-quality CPO, FGV bolsters Malaysia's position as a key player in the global food and agri-commodities landscape. Our dedication to sustainable practices ensures that as we contribute to national food security, we do so responsibly, preserving the environment and ensuring the well-being of future generations.

JOINT LEADERSHIP STATEMENT

OUR COMMITMENT TO HUMAN RIGHTS

FGV acknowledges that it has encountered challenges related to human rights in recent years, particularly in our labour practices. Addressing the concerns of the U.S. Customs and Border Protection (CBP), which issued a Withhold Release Order (WRO) against FGV, has been a priority for us and we have taken numerous steps in our bid to obtain a positive outcome in the modification of the WRO.

Firstly, we established a WRO Task Force to oversee the development and implementation of FGV's WRO remediation plan, comprising 12 focus areas. Next, we appointed LRQA (formerly known as ELEVATE) an independent consultant, to assess FGV's operations and support FGV's remediation plan. In addition, we appointed a US-based international law firm that has deep expertise in international trade to support us in the revocation of the WRO.

As part of the remediation plan, we have enhanced our recruitment procedures by reinforcing the principle of no recruitment fee and strengthening the due diligence and selection process of recruitment agencies. Going forward, we will only engage recruitment agencies which demonstrate a strong commitment to responsible and ethical practices. The Board has also approved and allocated RM605 million for a three year plan from 2024 to 2026 to further improve the accommodation and living conditions of our workers. In keeping with our commitment to the principle of 'no recruitment fees', we have allocated a total of RM112 million to reimburse recruitment fees to our migrant workers. Of this amount, we have since paid out RM72.2 million as of September 2023 to a total of 20,153 migrant workers. FGV's recruitment fee reimbursement programme for its former workers is ongoing.

As such, the latest update regarding the WRO issue is that we will be making our submission to the CBP to modify the WRO by June 2024. The submission date was revised as the reimbursement payment was made in three phases, between March 2023 and September 2023 reimbursement of recruitment fees as well as the implementation of FGV's remediation plan. Verification of FGV's remediation is expected to take place in the first quarter of 2024, after which a petition to modify the WRO will be prepared for submission to the CBP. Finally, we understand that it will take time for the CBP to decide on the modification of the WRO, which is consistent with the experience of other companies that have been issued a WRO.

FGV remains committed to ensuring that all its 66 mills and supply bases are RSPO-certified. As of the end of 2023, 30 of FGV's mills and its supply bases are RSPO-certified, while the rest of the uncertified mills have undergone and completed all required preparations and are ready to commence the certification process.

FGV expects to achieve RSPO certification for all its remaining uncertified mills within 24 months upon the removal of the deferment by the RSPO for FGV to certify its uncertified mills. The deferment was put in place due to the WRO against FGV.

Adopted FGV's Policy Statement and Guidelines on Respecting and Protecting Child Rights.

To further operationalise FGV's commitment to child protection and as part of FGV's participation in the National Pledge against Child Labour, we have adopted a Policy Statement and Guidelines on Respecting and Protecting Children's Rights. The Policy Statement reiterates FGV's zero tolerance for child labour throughout its business operations and supply chain. The key aspects covered by the Guidelines include equal treatment of children, child protection, adequate living conditions for children's development, access to education, and prevention of child labour, among others.

OUR COMMITMENT TO CLIMATE CHANGE

In our contribution towards reducing the impact of climate change, FGV has set a target of achieving net-zero emissions by 2050. As part of that effort, we have completed our carbon emissions baseline and greenhouse gas emissions inventory for Scope 1 and Scope 2 for all 20 operational units based on 2019 data. Due to the complexity of our supply chain, FGV is facing challenges in ensuring the accuracy of our Scope 3 inventory. Despite this, we aim to finalise our inventory by 2024.

FGV acknowledges its role in environmental stewardship and is dedicated to transparently addressing our environmental impact through actionable measures. To ensure ecological balance, FGV has continued to implement specific measures within our plantations. This includes the creation of buffer zones and pathways to facilitate the free movement of elephants and prevent potential human-wildlife conflicts. Such measures mitigate risks, as unchecked encroachments by wildlife can result in substantial financial implications.

Looking forward, FGV is strategically positioned to evolve beyond traditional plantation operations in alignment with the growth of greener businesses. Leveraging our biomass resources, we aim to diversify into the bioenergy sector. We envision FGV becoming a leading biomass feedstock supplier, expanding our footprint in power generation, and facilitating broader access to bioenergy solutions for stakeholders.

JOINT LEADERSHIP STATEMENT

DIGITALISATION

FGV has developed the FGV Traceability of Product (FGV TOP) system to provide details of FGV's palm oil supply chain. To meet new business requirements, FGV has initiated the FGV TOP enhancement project. The enhanced system will be able to provide the following information:

Listing of FFB dealers/sub-dealers	Individual mill supplier information – for data validation by Traceability Validation	Sustainability tracking report
Dealers/sub-dealers' Traceability Information	Dealer/sub-dealer sustainability credential	Customers' Traceability Information
Traceability Trail for palm oil product movement		Sustainability Dashboard

GOING FORWARD

FGV's commitment transcends conventional business metrics and profit margins. Rooted deeply in societal responsibility, our pledge is to our smallholder partners, our workforce, and the nation at large. While navigating the intricate landscapes of the global agricultural sector, our guiding principle remains the creation of shared value, community development, and a steadfast contribution to national food security.

This vision is not confined to infrastructure or financial investments. With medium-term to long-term goals centred on climate resilience, upholding human rights, fostering diversity, and deepening engagement with our smallholder partners, FGV aims to lead with purpose, ensuring sustainability and inclusive growth in every endeavour.

FGV is currently reviewing its Sustainability Framework. Once finalised, the framework will chart FGV's sustainability journey for the next four years.

ACKNOWLEDGEMENTS

In closing, we would like to extend our heartfelt gratitude to all our esteemed stakeholders who have been instrumental in our journey over the past two years.

A special note of appreciation goes to the Board of Directors for your guidance, foresight, and commitment to steering our organisation towards sustainable growth. To the Senior Management, your leadership, dedication, and strategic insights have been the driving force behind our achievements. Our heartfelt thanks to all FGV employees. Your hard work, resilience, and passion form the bedrock of our success, and it is your daily efforts that propel us forward.

To our valued customers, your trust, feedback, and partnership are invaluable. We remain committed to exceeding your expectations and delivering value in every interaction. Last but not least, to our supply chain partners, your collaboration and commitment to excellence ensure the seamless operation and sustainability of our business.

Together, we have achieved much, and as we look ahead, we are confident that our collective efforts will continue to shape a brighter future for FGV and all its stakeholders.



KEY HIGHLIGHTS

SUSTAINABILITY IN 2022 AND 2023

Engaged in various **conservation programmes for the Malayan Sun bear, Gibbon and Pangolin.**

Participate in the Achieving Coexistence with Elephant (ACE) project in Johor landscape with the Management and Ecology of Malaysian Elephants (MEME) of University of Nottingham Malaysia.

Held **FGV's Sustainability Week from 24 to 26 October 2023**, in conjunction with National Environment Day (NED), to raise awareness on sustainability issues, best practices and innovation.

Acquired **54 units** of Euro 5 Prime Movers for general cargo and CPO tankers in partnership with Volvo Trucks Malaysia, to support Malaysia's 2050 carbon-neutral goal and reflect our continuous commitment to innovation, sustainability and operational excellence across our business.

Organised a tree planting event in Tawai, Gerik, **covering a 300 Ha HCV management area**, to promote sustainable land management practices.



Signed 16 Collective Agreements

with our workers' unions for the period of 2022 to 2024.



Demonstrated our commitment to gender equality as **the first agribusiness company** in Malaysia to be a signatory of the **Women's Empowerment Principles (WEPs)**, established by the United Nations Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women).



Revised and strengthened the **Guidelines and Procedures for Responsible Recruitment and Employment of Migrant Workers** to align our practices with international standards, and ensure the application of **No Recruitment Fees** policy.

Conducted **9 sessions** to raise awareness among independent smallholders about sustainability-related matters and gather feedback and input from them for continuous improvement of our operation.



Organised a **Child Protection Programme** in Lahad Datu to raise awareness of child labour issues and emphasise the importance of child protection in FGV's business operations.



In 2023, FGV spent **RM75 million** on workers housing. We further allocated **RM605 million** for a three year plan from 2024 to 2026 to further enhance our workers accommodation and living conditions

Completed the reimbursement of recruitment fees to **20,153** active migrant workers totalling **RM72.2 million**



MSM received the **Penang Business Excellence Award** for its contribution to shaping Penang's sustainable future.

FGV Honoured with the **ESG Positive Impact Awards 2022** in the Environment - Renewable Energy by The Star Media Group Berhad.

MSM received the **MSOSH OSH Award 2023** in the Manufacturing and Chemical Sectors category.

MSM Introduced its **first 100% Electric Vehicle (EV) van** for last-mile delivery in Klang Valley as part of its ongoing ESG initiatives.

OUR STORY

FGV is an agribusiness based in Malaysia and one of the world's largest producers of Crude Palm Oil (CPO), accounting for 3% of global and 14% of Malaysian CPO production. Since its listing on the Main Market of Bursa Malaysia in 2012, FGV has remained committed to achieving its strategic goals and leveraging synergies to create value for its stakeholders.



OUR VISION

Delivering Sustainable Foods and Agriproducts to the World

OUR MISSION

- 1 Developing and producing high-quality products sustainably that are both good for the people and the environment
- 2 Practicing a healthy and innovative working environment and culture within the Group whilst promoting the same to our suppliers
- 3 Establishing an integrated value chain business ecosystem
- 4 The embodiment of governance and compliance
- 5 Cultivating diversification in products and geographies

OUR PRIDE VALUES

P

PARTNERSHIP

Best solutions and ideas come from working with both internal and external parties.

R

RESPECT

Our sustained success and achievements can only come from respect for people as well as the environment, which is the main source of our business.

I

INTEGRITY

It means being responsible and accountable for one's own actions and behaviours. Each employee is responsible for the Group's success and business reputation.

D

DYNAMISM

Strive to discover, create ideas, and identify growth potential from uncharted opportunities and beyond traditional boundaries, all done in the best interest of our stakeholders.

E

ENTHUSIASM

We are enthusiastic about what we do, committed to the growth and future of our agribusinesses, while propagating sustainable development around the world.



OUR STORY

Plantation



The Plantation Division is at the core of our operations, encompassing the entire supply chain from Upstream to Downstream activities. It also covers Research & Development (R&D), Marketing & Trading, Rubber, and Renewable Energy.

Total Landbank
(including Malaysia and Indonesia)

438,867 Ha

CPO Production
2.62 million MT

FFB Processed
12.69 million MT

- ✓ FGV Estates: **28%**
(3.59 million MT)
- ✓ Third Parties: **30%**
(3.79 million MT)
- ✓ FELDA Settlers: **42%**
(5.31 million MT)

Planted Area
344,472 Ha

- ✓ Oil palm: **333,765 Ha**
- ✓ Rubber: **7,203 Ha**
- ✓ Other crops: **3,504 Ha**

Unplanted
94,395 Ha

Mills 66

- ✓ MSPO-certified: **100%**
- ✓ RSPO-certified: **45%**

Research & Development (R&D)

>12,000 Ha
of palm oil plantations for R&D purposes

71
highly qualified
researchers



22
agronomists



Producer of award-winning Yangambi ML161 seed with

- ✓ **39.4%** domestic market share

Malaysia's leading fertiliser manufacturer with
>700,000 MT annual production capacity

Sugar



The Sugar Division, operated through FGV's 51% subsidiary, MSM Malaysia Holdings Berhad (MSM), is Malaysia's leading refined sugar producer and among the largest in Asia. Listed on Bursa Malaysia Securities in 2011, MSM offers a diverse range of products, including refined sugars and healthier alternatives such as sucralose and stevia mix, catering to a broad spectrum of consumer health preferences.



Sugar Refining Capacity
2.05 million MT



Gula Prai >60%
domestic refined
sugar market share

Logistics and Support



The Logistics and Support Division fortifies the core of FGV's business entities with the nation's largest liquid bulking installation and dedicated fleets, driving growth in logistics through innovation and technology. Other supporting businesses within this Division encompasses Information Technology and Hospitality.

Total Storage Capacity
(including Malaysia and Pakistan)
1.10 million MT

- ✓ Liquid: **974,490 MT**
- ✓ Dry Cargo: **123,000 MT**



Mixed Fleet Vehicles >600 units

Consumer Products & Integrated Farming



Consumer Products & Integrated Farming leverage on synergies within FGV to diversify into other forms of agriculture products, thereby bringing additional revenue to the Group.

Brands



#1 refined cooking oil in Malaysia, with **44.7%** market share

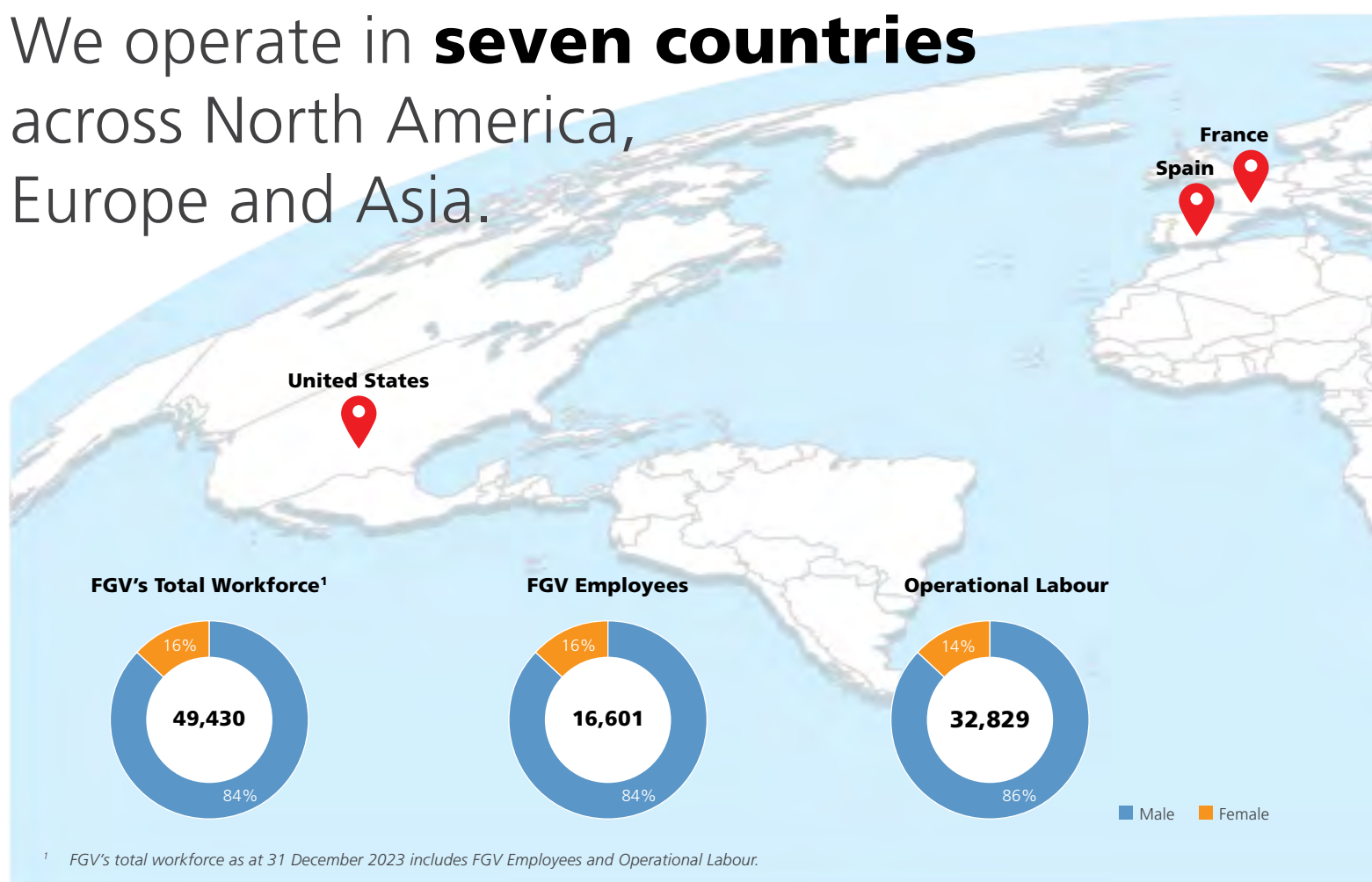


#1 margarine brand in Malaysia, with **49.0%** market share



OUR STORY

We operate in **seven countries** across North America, Europe and Asia.



FGV'S ASSETS

● Plantation

- 214 Estates
- 66 Mills
- 6 Vegetable oil refineries (2 are JVs)*
- 7 Rubber processing facilities
- 4 Kernel crushing plants
- 3 R&D centres
- 3 Seed production centres
- 3 Fertiliser manufacturing plants
- 3 Trading offices*
- 2 Oleochemical plants (1 is JV)*
- 1 Biodiesel plant

● Sugar

- 2 Sugar refineries
- 1 Refined sugar warehouse

● Logistics & Support

- 12 Bulking terminals (2 are JVs)*
- 10 Transportation hub and spoke
- 11 Warehouses (1 is JV)*
- 4 Transportation depots
- 2 Jetty operations (1 is JV)*
- 1 Hotel

● Integrated Farming

- 2 Collection, Processing, and Packaging Centres (CPCC)
- 1 Chuping agro food valley
- 6 Paddy farming
- 3 Animal feed plant
- 1 Fresh milk processing facility
- 1 Integrated cattle dairy farm

* Joint Venture



More information on the assets owned by FGV can be found on our website, www.fgvholdings.com



OUR STORY





The Indonesian operation was divested in November 2023

LOCATIONS



NORTH AMERICA

-  **United States**
 - 1 Oleochemical plant

EUROPE

-  **France**
 - 1 Trading office*
-  **Spain**
 - 1 Trading office*

ASIA

-  **Cambodia**
 - 1 Rubber processing facility
-  **Thailand**
 - 1 Rubber processing facility

🌙 Pakistan

- 1 Vegetable oil refinery*
- 1 Trading office*
- 2 Bulking terminals*
- 1 Jetty operation*
- 1 Warehouse*

🇲🇾 Malaysia

- 214 Estates
- 66 Mills
- 5 Vegetable oil refineries (1 is JV)*
- 5 Rubber processing facilities (two are located in the same location)
- 4 Kernel crushing plants
- 3 R&D centres
- 3 Seed production centres
- 3 Fertiliser manufacturing plants

- 1 Biodiesel plant
- 1 Oleochemical plant*
- 2 Sugar refineries
- 1 Refined sugar warehouse
- 10 Bulking terminals
- 10 Transportation hub and spoke
- 10 Warehouses (located in three different locations)
- 4 Transportation depots
- 1 Jetty operation
- 1 Hotel
- 2 Collection, Processing, and Packaging Centres (CPCC)
- 1 Fresh milk processing facility
- 1 Chuping agro food valley
- 3 Animal feed plant
- 6 Paddy farming
- 1 Integrated cattle dairy farm

OUR STORY

OUR SUSTAINABILITY APPROACH



Embedding sustainability into business operations is no longer an option, but an obligation. Given the far-reaching impacts of an organisation, its activities and supply chain, sustainability has become a necessity to ensure long-term value creation for the stakeholders of a business organisation.

As our business focuses on plantation, sugar and logistics, sustainability is key to our operations.

At FGV, we are well-aware of the impacts of our activities towards the economy, environment and society. We recognise the responsibility we have to create long-term value for our community and minimise our negative impacts while generating sustainable profits for our business. As such, our ESG agenda remains guided by the three sustainability pillars of our Group Sustainability Policy (GSP 4.0)



**PROMOTING
ECONOMIC
GROWTH**



**RESPECTING
HUMAN
RIGHTS**



**PROTECTING THE
ENVIRONMENT**

OUR STORY



As our business focuses on on plantation, sugar and logistics, sustainability is key to our operations.

Our Sustainability Commitment

Our business faces constant scrutiny and stringent regulations worldwide due to its large footprint, raising concerns about its potential negative impacts on natural resources and ecosystems, community and workers' rights. These concerns include deforestation, biodiversity loss, pollution, and labour practices. Addressing these issues, building trust, and adopting responsible practices are central to our sustainability efforts.

We aim to integrate sustainable practices across all aspects of our operations to explicitly reaffirm our commitment to sustainability. As we progress on our sustainability journey, our goal is to make sustainable practices a routine and integral part of our business operations, moving towards making them "business as usual".

At FGV, sustainability embodies both commitment and responsibility to stakeholders, society, and the planet. We prioritise sustainable practices to sustain adequate living standards, bolster economic prosperity, and protect environmental well-being. Central to our ethos is the recognition of the imperative to adopt responsible practices, safeguarding natural resources as fundamental to our business operations.

Our business model hinges on the preservation and sustainability of the natural capital, emphasising the critical importance of renewable and non-renewable environmental resources. This is evident in our commitment to a circular economy, whereby sustainability considerations are integrated across all facets of our operations, reflecting our dedication to preserving the environment. Guided by ethical principles, we uphold human rights and environmental protection as core drivers in our sustainability endeavours. Leveraging our expertise and resources, we are committed to creating sustainable value for our business and stakeholders without compromising the availability of natural resources for our future generations.



We take measures to mitigate the environmental and social impacts arising from our activities.

OUR STORY

SUSTAINABILITY FRAMEWORK

FGV's Sustainability Framework aligns our sustainability efforts with Environmental, Social and Governance (ESG) principles. The Framework guides the integration of sustainable practices into our business management and operations serving as a blueprint for sustainable development to generate long-term value for all stakeholders. Our sustainability endeavours prioritise human rights and compliance with labour standards while aiming to foster positive environmental and social impacts. We are committed to this approach to strive for sustainable and holistic business growth.

SUSTAINABILITY GOVERNANCE

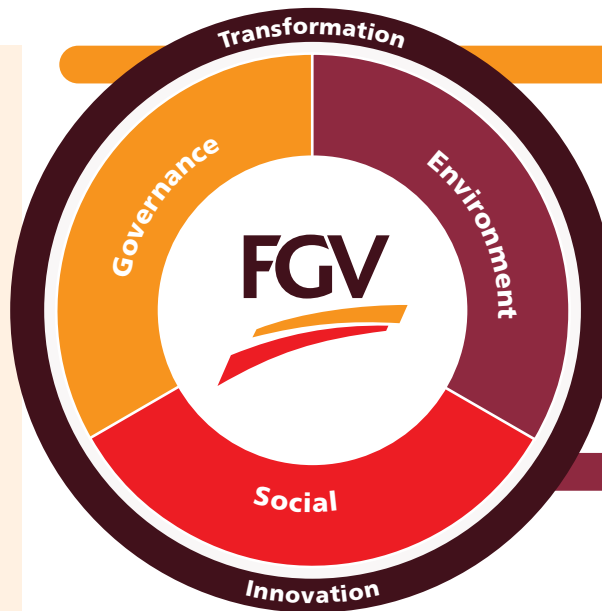
The Board at FGV takes a top-down approach to leading the Group's sustainability efforts. This oversight sets the tone from the top to ensure sustainability is a key organisational priority. Supported by the Board Sustainability Committee (BSC) and the Sustainability Steering Committee (SSC), the Board oversees the strategic development and implementation of the Group Sustainability Policy (GSP). The BSC receives detailed reports from the Group Management Committee, and the SSC informing the Board's decisions on sustainability matters. Furthermore the Board holds the responsibility for approving public disclosures regarding the Group's sustainability efforts, ensuring that sustainability initiatives are well-coordinated and transparently communicated to all stakeholders.

SUSTAINABILITY SCOPE AND BOUNDARIES FOR SUSTAINABILITY REVIEW

This sustainability review in this report covers only FGV's operations and its subsidiaries in Malaysia, excludes subsidiaries, joint ventures, and associates outside of Malaysia for the period of 1 January 2022 to 31 December 2023.



More information on Sustainability Governance can be found in the Corporate Governance Overview Statement on pages 107 to 145 in our 2023 Annual Integrated Report.



Economic Growth

Profitability and economic growth as the main output of a holistic sustainability approach.

Our comprehensive sustainability approach is structured into three phases: Rethink, Repurpose, and Redesign, being executed from 2022 to 2024. This three-phased structured approach aims to generate significant positive impacts across economic, environmental, and social aspects. The strategy's phased approach allows for focused and sequential implementation, ensuring thorough addressing and integration of each aspect of sustainability into the Group's overall framework.

FGV's GSP was introduced in 2016 and aligns with Global Sustainability Standards to positively impact economic, environment, and social aspects. The GSP's three pillars focus on Promoting Economic Growth, Respecting Human Rights, and Protecting the Environment. This policy guides FGV's sustainability initiatives across all its entities, including listed and non-listed subsidiaries under its management control. Moreover, the GSP extends to contractors, suppliers, and other third parties working with FGV, ensuring a comprehensive and inclusive approach to sustainability.



OUR STORY

OUR SUSTAINABILITY FRAMEWORK GUIDES THE WAY WE APPROACH ESG ASPECTS

Governance	Social	Environment	Innovation & Transformation
Integration of sustainability objectives and targets into the Company's core business strategy, model and governance structure.	Integration of a responsible approach to social and human rights issues.	Integration of environmental protection and sustainable food production in becoming a zero environmental impact business.	Linking innovation and transformation to promote incremental and disruptive sustainability-oriented innovations and progress.

AND PROVIDES THE CATALYST FOR

OUR SUSTAINABILITY STRATEGY



WHICH ARE SUPPORTED BY OUR SUSTAINABILITY POLICIES

GROUP SUSTAINABILITY POLICY

<p>Promoting Economic Growth</p>  <ul style="list-style-type: none"> • Responsible sourcing - support for suppliers, and smallholders. • Responsible production - obligation of value chain partners through traceability and certification 	<p>Respecting Human Rights</p>  <ul style="list-style-type: none"> • Equality and non-discrimination • Upholding labour standards • Respecting the rights of indigenous peoples and local communities • Health and safety • Preventing harassment and abuse 	<p>Protecting the Environment</p>  <ul style="list-style-type: none"> • Addressing climate change • No deforestation and planting on peat • Protect High Biodiversity Value (HBV) and High Conservation Value (HCV) areas • Limitations on the use of hazardous chemicals and agrochemicals • Water management and waste management • Efficient use of natural resources
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OUR STORY

ALIGNMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)

We advocate for sustainable development and believe in fostering global solidarity through collective action to promote peace and prosperity for both people and the planet, both now and in the future. As part of this global partnership, we align with the applicable Sustainable Development Goals (SDGs) and their targets within our operations to meet the increasing expectations of the public.

This strategic approach not only strengthens our sustainability practices but also enhances our long-term business performance, while simultaneously presenting us with business opportunities across sectors such as food and agriculture, energy, and materials—all of which are intertwined with the achievement of the SDGs.

Outlined below are the 17 SDGs that we aim to contribute to through our sustainable business endeavours, encompassing various aspects of our value chain.



For more information on our contributions to the UN SDGs, please refer to the disclosures of each of our material matter from pages 24 to 106 in this report.



EMBRACING STAKEHOLDER DIVERSITY TO CULTIVATE AN INCLUSIVE APPROACH

FGV acknowledges the importance of incorporating diverse viewpoints, recognising the multitude of stakeholders involved in its operations. Given the scrutiny faced by the industry, FGV prioritises amplifying the voices of its stakeholders to ensure a more inclusive and informed decision-making process. By fostering strong relationships with all stakeholder groups and actively seeking their feedback, FGV aims to gather diverse perspectives that contribute to balanced and unbiased sustainability responses.

In 2024, FGV conducted extensive internal and external stakeholder engagements to gather insights and feedback on sustainability matters. These engagements are instrumental in shaping FGV's approach to risk management and decision-making, ensuring that the concerns and expectations of stakeholders are adequately addressed. Through continuous engagement and attentive listening, FGV endeavours to enhance its business operations and strengthen its commitment to sustainability.

SUSTAINABILITY STAKEHOLDER ENGAGEMENT

During the reporting period, we engaged with 11 stakeholder groups namely, employees, FELDA settlers, the Board of Directors, regulators, field workers, customers, investors, suppliers, JV and business partners, media, and NGOs. These engagement sessions were guided and facilitated by an external sustainability consultant.

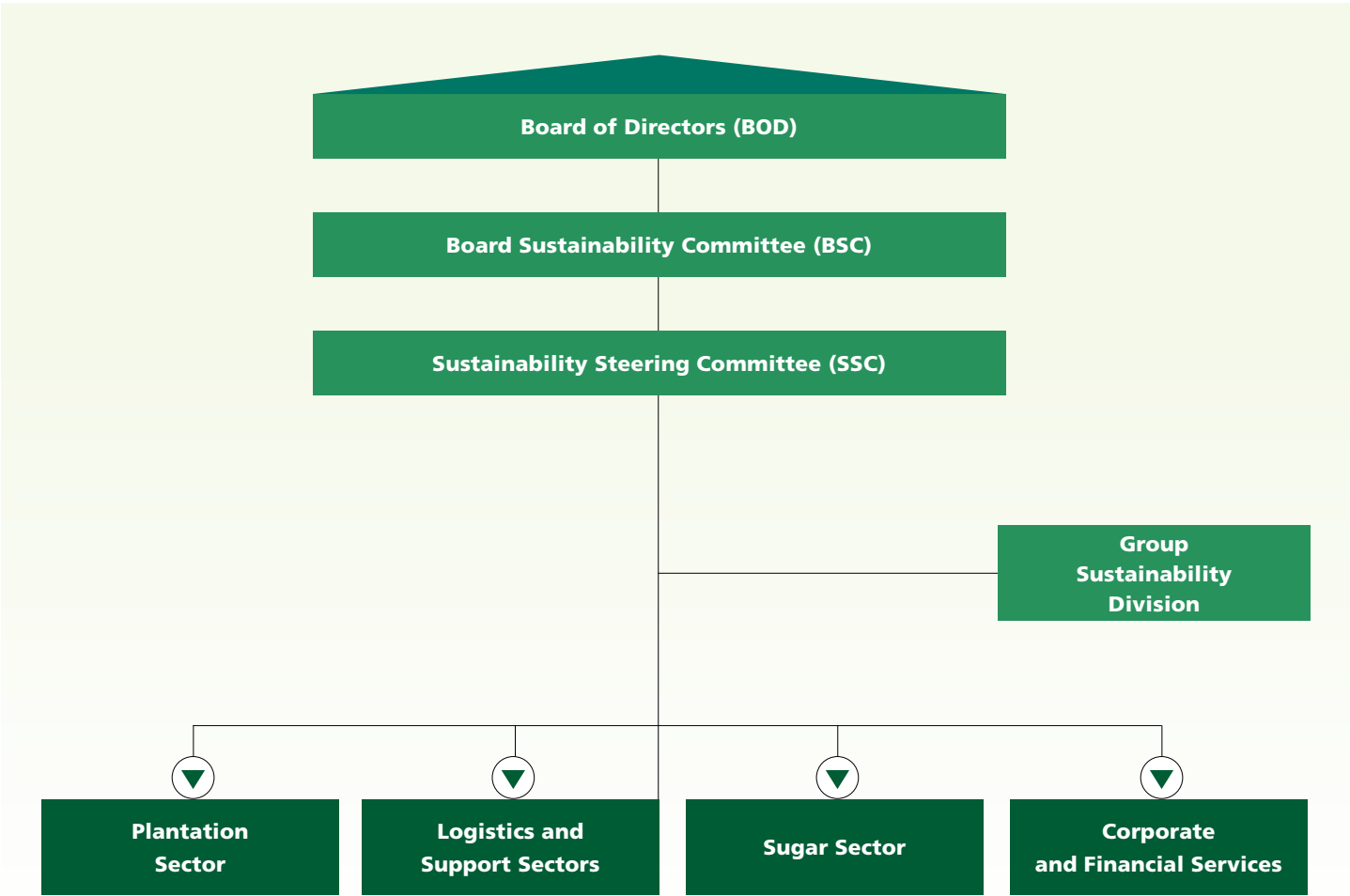
During these interactions, we collaborated with stakeholders to ascertain the significance and impact of the various sustainability key issues that were considered important to the stakeholders and to our business. Feedback from these sessions highlighted key issues related to operational excellence, human rights, employee welfare, and environmental and resource management. Additionally, stakeholders recommended collaboration with NGOs and government agencies to enhance our RSPO certification status.



OUR STORY

SUSTAINABILITY GOVERNANCE

Robust sustainability governance is vital to driving sustainability at FGV. Our Board of Directors have oversight of sustainability matters, including climate-related issues. This sets the tone from the top for sustainability governance. The Board is supported by the Board Sustainability Committee and the Sustainability Steering Committee to implement the Board’s sustainability priorities across FGV. The following chart illustrates the structure of sustainability governance at FGV:



OUR STORY

Roles and Responsibilities

Board of Directors (BOD)

The Board of Directors is the highest governance body overseeing the management of our impacts on the economy, environment and people. An integral part of the Board's role in sustainability is providing direction and strategic input into the formulation of the GSP as well as oversight and governance over the GSP's implementation and execution.

The Board also ensures that the GSP takes into account the material matters that impact business goals and ascertains FGV's sustainability practices. In addition, the Board is responsible for approving FGV's sustainability disclosures. It also reviews and approves the Sustainability Report and any other related information that has a major financial and/or reputational impact on the Group.

Board Sustainability Committee (BSC)

The establishment of BSC reflects FGV's commitment to ensuring that environmental, social and governance (ESG) considerations continue to take centre stage in FGV's undertakings.

The BSC is a board committee charged with overseeing the formulation of the GSP, sustainability strategies as well as exercising governance over their execution. BSC monitors the progress of execution, provides insights and advice to support execution and ensure that goals and objectives are achieved.

Sustainability Steering Committee (SSC)

The Sustainability Steering Committee consists of members of GMC, facilitating the mainstreaming of sustainability principles and practices throughout FGV. The Committee is also entrusted with the effective implementation of FGV's sustainability initiatives. The Group Chief Executive Officer (GCEO) chairs the Sustainability Steering Committee.

Group Sustainability Division (GSD)

The Group Chief Sustainability Officer directs and oversees the day-to-day work of the GSD and advises the Group on matters pertaining to sustainability, which include aspects relating to human rights and environmental protection. The GSCO reports directly to the GCEO, who provides leadership and direction for sustainability initiatives. The GSD consists of four departments, namely Sustainability Compliance and Certification, Sustainability Regulation, Sustainability Engagement and Sustainability Technical. These departments deal with the full spectrum of the Group's sustainability activities.



SECTION TWO

PROMOTING ECONOMIC GROWTH

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PROMOTING ECONOMIC GROWTH

OPERATIONAL EXCELLENCE

WHY IT IS IMPORTANT


The foundation of FGV's business is operational excellence, which promotes optimum standardisation for increased productivity and cost reduction to enhance our financial sustainability while upholding the United Nations Sustainable Development Goals (UN SDG 8).

Through the adoption of the Kaizen strategy, which promotes a culture of continuous improvement, we aim to lower costs by embracing technology, increasing productivity and efficiency, and positioning ourselves as a leader in integrated operations.

Our operational excellence allows us to cultivate a high-performing workforce that exemplifies our PRIDE-based internal culture through human capital upskilling. We also remain committed to safeguarding our workers welfare and occupational health and safety. Our top priorities are:

- Employees' welfare and occupational health and safety
- Optimise processes to enhance productivity, improve quality and reduce cost
- Process automation and digitalisation
- Embrace sustainability
- Improve financial performance and maximising profit

CONTRIBUTION TO THE UN SDGs

	SDG target	How we support the SDG
	Protect Labour Rights and Promote Safe Working Environments	Promoting systematic housekeeping, organised and clean workplace as well as safe and hygiene aspects in the employees working environment, housing area and amenities through the implementation of the 5S methodology.

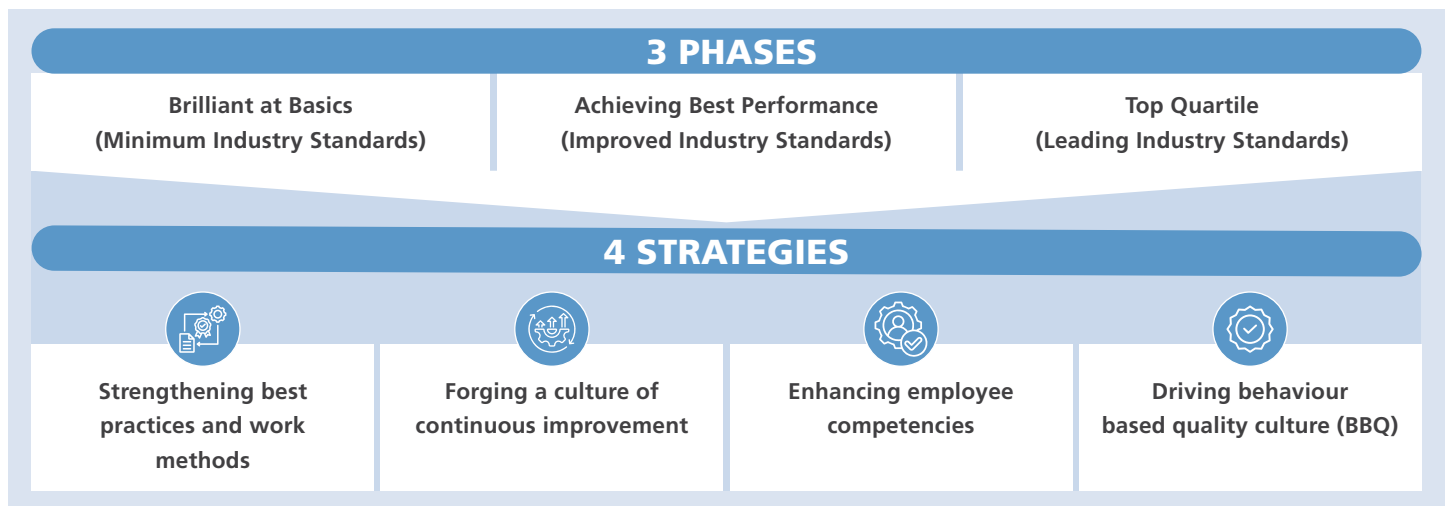
OUR APPROACH

In line with UN SDG, FGV has collaborated with the Malaysia Productivity Corporation on FGV's Transformation of the Plantation Sector Plan from 2019 to 2030. Set in three phases, the Business Operational Excellence Roadmap is an essential force for organisational transformation, driving the performance excellence culture in our plantation business. Since 2019, Operational Excellence has served as a catalyst for unlocking business value by initiating the dynamic changes required for the sector to consistently maintain a state of readiness for delivering exceptional performance.

PROMOTING ECONOMIC GROWTH

Focusing on process, people and technology throughout our business, the roadmap outlines four comprehensive strategies centred around best practices, employee competencies, a culture of continuous improvement and behaviour-based quality.

Adopting the 3S concept to strengthen, standardise, and sustain best practices on our plantations and manufacturing, the approach focuses on compliance, productivity, quality, and cost for continuous improvements of our operational processes. This structured approach is initiated through the implementation of our Model Plantation Concept (MPC) project which acts as a starting point which is then replicated company wide. MPC's pilot project started at our estates and mills operations in 2019 before a holistic and systematic integration of the operational excellence principles, fostering a culture of continuous improvement and adaptability throughout the company.



PROGRESS AND ACHIEVEMENTS

Operational Excellence Programme Initiative

During the year under review, we have made headway in the implementation of our transformation of the plantation sector plan. The MPC project has shown success with certification of Quality Excellence (QE/5S) from the the Malaysia Productivity Corporation (MPC) at new sites. This certification promotes 5S practices among our workforce in our operations to provide a conducive environment and reduce the likelihood of accidents. Through its Operational Excellence Programme, FGV has achieved successes through its continuous internal and external improvement programmes including Lean Six Sigma (LSS) that has contributed to an increase in its cost savings by 30.7%.

FGV has collaborated with MPC to implement and create productivity improvement programmes in the FGV plantation sector. Under its Operational Excellence Competency Programme,

five productivity specialists have obtained certification by Asian Productivity Organization collaboration with MPC while five other professional trainers have been issued with Certification by HRD Corp. The Productivity Specialist Certification Programme is to certify a highly skilled individual whose work concentrates primarily on applications of productivity solutions and productivity-related activities. The Train the Trainer certification programme is aimed at creating a pool of professional trainers equipped with effective presentation and facilitation skills.

Infrastructure to sustain the Operational Excellence programme has been established through the introduction of performance management, focal person partnerships, and improvement initiatives aligned with organisational objectives. To encourage greater participation, a reward and recognition programme has been created for sites, projects and individuals that achieve desirable improvements.

PROMOTING ECONOMIC GROWTH

MILESTONE

JANUARY



12 Employees participated in **centralised Internal OE Green Belt training** (Lean Six Sigma Methodologies) in **Wisma FGV HQ**

FEBRUARY



2023 FGVPI Project Mining Session and KPI alignment

- **187 Potential Projects generated**
- **Participated by all RC, DRC and Mill Managers**

*RC : Regional Controller
DRC : Deputy Regional Controller*

MARCH



2 OE* Personnel **awarded with APO** CPS in an first-ever certificate presentation held by MPC.

** As part of Operational Excellence (OE) Internal competency development programme
APO : Asian Productivity Organization
CPS : Certified Productivity Specialist
MPC : Malaysia Productivity Corporation*

SEPTEMBER



- **FGVPI Zone 2 Certificate Award Ceremony** for 5S Internal Certification Programme (ICP)
 - **5 new mills replicated and certified** QE/5S (KS Keratong 2, KS Selancar 2B, KS Belitong, KS Kulai, KS Lok Heng)
- **1 OE* certified on Assessor of Productivity Specialist**** in Islamabad, Pakistan certification by **Asian Productivity Organization (APO)**

** As part of Operational Excellence (OE) Internal competency development programme*

*** Only 4 Certified Assessor at Malaysia level*

OCTOBER



- FGVPI & MPC Certificate Award Ceremony** for Productivity Champion and QE/5S certification conducted at KS Jengka 3
- **Productivity Champion Leader : 2 recipients**
 - **Productivity Champion Talent : 42 recipients**
 - **3 new mills replicated and certified** QE/5S (KS Jengka 3, KS Kechau B and KS Kerteh)

PROMOTING ECONOMIC GROWTH

FY2023

MAY



5S Launching by CEO FGV Kernel Products (FGVKP) En Mahyuddin at KCP Semambu

KCP : Kernel Crushing Plant

JUNE



5 OE* Personnel certified on Train-The-Trainer (TTT) Certification Programme by **HRD Corp.**

** As part of Operational Excellence (OE) Internal competency development programme*

JULY



50 employees from FGV Refineries participated in **OE Green Belt training and coaching** (Lean Six Sigma Methodologies) for FGVR's Innovative & Creative Circle (ICC) held in November 2023

DECEMBER



- 4 OE* Personnel **awarded with APO CPS** in a certificate presentation held by MPC (2nd Batch).
- **FGVPM Seriting Region Certificate Award Ceremony** for 5S Internal Certification Programme (ICP)
 - **4 new estates replicated and certified** (Tembangau 3 Estate, Tembangau 5 Estate, Tembangau 9 Estate and Seriting Hilir 9 Estate)
- **73 employees** participated in Centralized Autonomous Maintenance Training at all regions in FGVPI

** As part of Operational Excellence (OE) Internal competency development programme
APO : Asian Productivity Organization
CPS : Certified Productivity Specialist*



- All FGV Plantation **8 Model Sites** (3 Estates, 3 Mills, 1 Refinery and 1 Rubber Factory) awarded **3-Star Rating (Highest Rating)**
- **Total 12 new replication sites** certified in the 5S Internal Certification Programme (ICP)
 - **10 FGVPI Mills**
 - **2 FGVR Refineries**
- Total of **572 employees trained** in Continuous Improvement Modules including 5S, White Belt, Green Belt and Autonomous Maintenance. **15 Mill Managers and Assistant Managers from FGVPI Certified** in the OE Green Belt Programme.
- Cost saving of **RM65.8 Million from 38 projects** in FGVPI (Cumulative of 12-month savings).

PROMOTING ECONOMIC GROWTH

Plantation

Upstream business

FGV's plantation business implements the Plantation Business Operational Excellence Roadmap, which identifies specific operational locations as model sites. The model sites, including a rubber factory, three oil palm fields, three palm oil mills, and one downstream operation, Delima Oil Products (DOP), aim to achieve Top Quartile (Leading Industry Standard) operations and increase business profitability and viability. These sites serve as pilot locations for various operational excellence projects, facilitating the development of human capital preparedness and competencies. The replication of the programme started in FY2022, with additional sites obtaining 55 internal and external certification, including eight estates, 23 mills, three rubber factories, and three refineries.

Competency training in various continuous improvement modules has increased, with an additional 697 employees trained in FY2022 and 572 employees trained in FY2023. Our long-term goal is to expand coverage to all of our operational locations through various improvement programmes to increase productivity at operational sites.

Replanting Exercise

We have implemented a structured replanting exercise to address the unfavourable age profile of our oil palm plants and make sure that they fall within the very old range. It is a crucial strategic move to mitigate the falling yields that come with old and very old palms. The replanting exercise has significantly improved the age profile.

In 2023, FGV replanted about 19,862 ha of very old palm trees versus the group's target of 24,630 ha.

Cost of replanting until maturity is RM20,000/ha-RM25,000/ha.

Currently, oil palm trees classified as old (24,718 Ha) and very old (47,475 Ha) have dropped by 2% & 25% respectively as compared to 2022 (old: 25,325 Ha, very old: 63,016 Ha).



FGV strives to produce the highest quality CPO through efforts such as replanting.

Downstream business

To address the high dependency on upstream products mainly crude palm oil, FGV aims to embark on higher value-added products for increased returns. As such, we are committed to delivering high-quality nutritious and affordable consumer products to all Malaysians.

While Saji has been awarded the Sustainable Best Brand award for consumer products, FGV's premium cooking oil and margarine brand, Adela has expanded into the Middle East and North Africa (MENA) markets. The launch of Adela margarine underscores FGV's commitment to delivering premium products to meet global demands.



Gula Prai has been the preferred choice among consumers since 1964.

Sugar

MSM Malaysia Holdings Berhad (MSM), our Sugar business, implements operational excellence initiatives as part of continuous improvement and innovation to secure greater business sustainability. In FY2022 and FY2023, MSM maintained its annual production capacity of refined sugar for the domestic and export markets at 2.05 million metric tonnes. The premium brand Gula Prai holds a market share of over 60% in the local refined sugar industry in FY2022 and FY2023.

Logistics & Support

In 2023, the Logistics & Others Sector remained steadfast in its sustainability commitment, spearheading a series of initiatives to reduce environmental impacts and improve operational efficiency. Notable highlights include fuel and energy reduction efforts at our bulking terminals, in which we achieved more than 10% decrease in consumption through the implementation of Cost Improvement Program (CIP). Additionally, measures were implemented to control truck idling, resulting in a reduction of 0.18kg of carbon emissions. These actions underscore our ongoing dedication to sustainable practices and operational excellence.

PROMOTING ECONOMIC GROWTH



Our expansion into integrated farming promotes sustainability and enhances modern agricultural practices.

Integrated Farming

Integrated farming is one of the two new business lines developed by FGV as part of our diversification from our oil palm mainstay. In collaboration with the Ministry of Agriculture and Food Industry, FGV continues to champion the Large-Scale Smart Padi Field Programme (SMART SBB), focusing on the Fortified Field Fragrant Rice (3FR) programme as part of its role to support the country's food security agenda. The programme involves fragrant rice contract farming scheme implemented through smart agriculture practices such as mechanisation, automation, and Internet of Things (IoT) technologies. To date, FGV has collaborated with 371 contract farmers who are cultivating close to 700 ha of MRQ76 fragrant rice plots in northwest Selangor and Seberang Perak to produce our home brand, Saji Aroma Malaysian fragrant rice.

Driving Operational Improvements With Research And Development (R&D)

We operate one of Southeast Asia's largest oil palm research and development centres, focusing on innovation and scientific research, enhancing yields, and milling processes. We produce the award-winning planting material, Yangambi ML161, and have a fertiliser manufacturing capacity of 700,000 MT annually. The sales volume of Yangambi ML161 seed increased by 8% in 2023. The group is dedicated to enhancing productivity through the 25:23 initiative,

promoting estate modernisation through the Internet of Things (IoT) and upskilling programmes. We achieved two research breakthroughs in 2023: a value-added fertiliser and an improved high-yield planting material set to launch in 2024, aiming to boost palm oil industry efficiency and productivity.

FGV Agri Services Sdn Bhd has partnered with Pertubuhan Peladang Kebangsaan (NAFAS) and Pandawa Agri Indonesia to introduce Weed Solut-Ion, an environmentally-friendly weed management product that reduces herbicide use by 50%. Our R&D division remains steadfast in our dedication to sustainability through innovation, exemplified by our research centre, Pusat Penyelidikan Pertanian Tun Razak (PPPTR), which has been instrumental in the oil palm industry for 55 years. The division has also commercialised a controlled-release fertiliser in sachet form. In the years ahead, the division's R&D efforts will focus on increasing FFB yield and OER, addressing labour challenges through IoT and advanced technologies, and promoting sustainability-driven innovations. New projects include developing bioplastics from palm oil mill waste, Napier pellets for ruminant feed, and poultry feed with Palm Kernel Expeller.

As Malaysia's sole producer of Green Rubber products, we faced a significant sales volume reduction in 2023 due to a decrease in raw material purchases and increased production costs. We addressed these challenges by securing raw materials, optimising diesel and electricity consumption, expanding into Green Rubber products, and obtaining Forest Stewardship Council certification.


PROMOTING ECONOMIC GROWTH

TRACEABILITY, RESPONSIBLE SOURCING & SUPPLY CHAIN MANAGEMENT

WHY IT IS IMPORTANT

FGV is cognisant that our business can impact communities and the environment surrounding our operational areas. Therefore, it is essential for us to embrace responsible and sustainable practices. This enables us to be committed to the traceability of our supply chain and responsible sourcing in our endeavour to grow sustainably. Upholding traceability, responsible sourcing and supply chain management are crucial to building trust and safeguarding ethical business practices. It also ensures that the activities of our extensive network do not generate adverse impacts on the environment and the local communities.

CONTRIBUTION TO THE UN SDGs

15 LIFE ON LAND	SDG target	How we support the SDG
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	FGV filters non-compliant FFB suppliers using the Supplier Code of Conduct (SCOC) and monitors our suppliers' continuous compliance using the External Sourcing Supplier Checklist (ESSC) to avoid sourcing from non-sustainable sources.

OUR APPROACH

We stand guided by stringent ethical standards, demonstrating our dedication to growing responsibly and contributing to a sustainable community. It is also important to note that our efforts are geared towards environmental protection and upholding human rights. We are guided by the Group Governance and Integrity Framework, which encompasses a set of robust policies, guidelines and frameworks. This enables us to inculcate a strong culture of good governance, ethics and integrity in our organisation. The framework includes:

- 1 Sustainable Development Goals (SDGs)
- 2 FGV Group Sustainability Policy (GSP)
- 3 No Deforestation, No Peat and No Exploitation (NDPE)
- 4 FGV Supplier Code of Conduct (SCOC)
- 5 Roundtable on Sustainable Palm Oil (RSPO)
- 6 Malaysian Sustainable Palm Oil (MSPO)
- 7 International Sustainability & Carbon Certification (ISCC)

FGV's GSP ensures traceability in all the sourcing activities of our raw materials, maintaining transparency and sustainable practices across our value chain. In upholding responsible sourcing practices, we emphasise implementing stringent pre-qualification processes to assess suppliers' credentials. Once appointed, our suppliers must comply with FGV's SCOC.

While we strive to fully embed sustainability into our supply chain, we understand the challenges faced by our suppliers in adopting sustainable practices. As such, we provide guidance and improvement plans where applicable to suppliers with non-significant compliance cases. However, we avoid engaging blacklisted or non-committed suppliers.

We evaluate our suppliers' performance against the level of compliance with the FGV's GSP and Sustainable commitment, identify high-risk suppliers, and collaborate on remediation efforts.



FGV expects its suppliers to adopt sustainability practices to ensure transparency and compliance to regulations.

PROMOTING ECONOMIC GROWTH

PROGRESS AND ACHIEVEMENTS

Supporting Local Industries



As one of the largest conglomerates in the country, we have a responsibility to support local industries and contribute to local economic growth. In 2023, **9% or 106 existing and new suppliers** were screened for their environmental impacts. Additionally, **70%** of procurement spend were for local suppliers.

FGV is committed to ensuring all raw materials are procured from responsible sources aligned with our GSP commitment. Traceability is instrumental in fulfilling this commitment to responsible sourcing as it provides an in-depth view of the origins of our raw materials. This information enhances transparency and is integral to direct sustainability efforts across our supply chain as well as facilitating the identification of our sources of supply and the associated suppliers.

The first crucial step to responsible sourcing is the first line of defence, which is the pre-qualification exercise to ascertain the suppliers' credentials, suitability and alignment to our commitment to sustainability. Suppliers are required to comply with FGV's SCOC that is in line with FGV's sustainability requirements and expectations. Through our traceability efforts, we are able to foster deeper collaborations with all strategic partners to trace the origin and chain of custody of all materials used for our operations and assess their sustainability risks. In addition, we continually improve and intensify information dissemination and communication with suppliers for proper end-to-end traceability.

Traceability in Our Plantation Business

We are committed to the NDPE policy and remain guided by the FGV GSP in ensuring that our products are not associated with any risks of workers' exploitation. We share information on our traceability which covers Traceability to Mills (TTM) and Traceability to Plantations (TTP) with the general public via our company website and Traceability of Products (ToP) platforms. In order to ensure our palm products are sourced from responsible suppliers, we started to trace our raw materials since 2017.

Our stakeholders can access the FGV traceability dashboard on our company website and obtain updates on the TTM and TTP

status of our palm oil supply chain. In addition, we also update the traceability status of our subsidiaries including FGV Refineries Sdn Bhd, FGV Kernel Products Sdn Bhd, FGV Biotechnologies Sdn Bhd and Delima Oil Products Sdn Bhd.

Traceability to Mills (TTM)

Successfully maintained 100% TTM, achieved throughout FY2019 to FY2023

Traceability to Plantations (TTP)

Tracing of Fresh Fruit Bunches (FFB)

- Our estates contributed about 28% of FFB supplies while 42% are from FELDA, and the remaining 30% are from other external sources including dealers network and independent smallholders with an approximate land size of 10 acres (four hectares) per household
- Committed to assisting smallholders on technical grounds to further improve their productivity
- Our TTP data for 2022 which was 99% was externally verified by the Control Union Certifications Malaysia during Archer Daniels Midland (ADM) Traceability Protocol Verification on 18, 19 and 21 July 2023

Traceability Validation

- Provided 20 training sessions on NDPE and assessed suppliers' compliance with FGV's Group Sustainability Commitments
- To conduct supplier compliance assessment for all FFB suppliers towards FGV's Group Sustainability Commitments which evaluates adherence to key elements of NDPE, RSPO, MSPO, and FGV's GSP, tailored to suit suppliers in our upstream sector. The External Sourcing Supplier Checklist (ESSC) serves as a platform to determine the initial compliance status, providing a baseline for comparison with future years. This comprehensive approach ensures that suppliers are evaluated against established sustainability standards and can track their progress over time
- Collaborated with our value chain partners to ensure traceability and transparency are incorporated into their practices
- Our sustainability team engaged with our FFB suppliers to communicate our sustainability commitments

PROMOTING ECONOMIC GROWTH

Financial Year	Target	Our Performance
2021	<ul style="list-style-type: none"> 100% traceability of external suppliers Sustainability risk mapping conducted on all traceable suppliers 	<ul style="list-style-type: none"> 98% are traceable to plantation Sustainability risk mapping conducted on all traceable suppliers
2022	<ul style="list-style-type: none"> 100% traceability of external suppliers 99% are traceable to plantation 	<ul style="list-style-type: none"> 99% TTP achieved, an improvement compared to 98% in 2021 Sustainability risk mapping conducted on all traceable suppliers
FY2023	<ul style="list-style-type: none"> 100% traceability of external suppliers 100% are traceable to plantation (Tier 1 & 2) 	<ul style="list-style-type: none"> Assessment in progress & expected results in April Sustainability risk mapping conducted on all traceable suppliers



We actively engage with our suppliers and value chain partners.

Traceability-of-Products (FGV-ToP)

Despite being able to efficiently trace FFB and PK up to supplying mills, it can be challenging to trace FFB for external crops. To this end, we are collaborating with our partners to develop a system that will identify and disclose sustainability risks in specific areas. Additionally, our FGV-ToP system, which includes the Audit Integrated System (FGV-AIMS), is part of our overall palm oil management system that provides comprehensive information on FFB/CPO/PK/PKO movements, certification status, geo-location, and monthly production at FGV mills. The system also reflects all palm oil related products from FGV subsidiaries, with selected information being disclosed to our customers and suppliers.

Managing NDPE risks of indirect FFB suppliers

- All suppliers commit to FGV's SCOC and GSP which cover safeguarding the environment and adopting responsible practices in their operations.
- Conducted supplier assessments to evaluate the level of compliance with our NDPE commitments. In 2023, we assessed the risk level within a 50km of 145 FFB collection centres through the Global Forest Watch (GFW) Pro platform. This amount accounts for 100% of our suppliers under the FFB dealer network.

In 2023, no collection centres posed high NDPE risks but we have discovered several collection centres and suppliers from the dealers' networks are exposed to the risk of deforestation in their surroundings. Some of the collection centres were exposed to peatland risks.

In view of these risks, we have:

- Notified the findings to implicated parties and issued reminders to not source FFB from suppliers exposed to the identified risks
- Established a system to collate details of FFB sources in Tier 2 from the Tier 1 suppliers
- Executed the new supplier agreement for our suppliers to disclose all their sources of FFB
- Verified sources for their compliance with our commitment and we will only accept suppliers who adhere to sustainable practices.

PROMOTING ECONOMIC GROWTH

Rubber Business

FGV is one of the largest Standard Malaysia Rubber (SMR) producers in Malaysia, with one factories in the country producing FGV-ENR and FGV-DPNR rubber products. Our raw material suppliers must also adhere to our SCOC and comply with our sustainability commitments. We have outlined the supply base in Malaysia, with more than 50% sourced domestically and we employ a traceability process that precisely identifies the region of origin for our rubber products.

In 2023, we:

Accomplished traceable 88% traceability up to Tier 2 suppliers, 12% closer to our target	1
Conducted an environmental risk assessment using the GFW Pro platform for known TTP facilities within a 50km radius revealed a potential conversion of 29 hectares of protected areas for rubber planting	2
Informed our suppliers of the outcome and requested that they communicate the message to all their primary sources	3
EcoVadis validation assessment is based on the YR 2023, and the rate is Bronze	4

Financial Year	Target	Our Performance
2021	<ul style="list-style-type: none"> 100% Traceability of local supplies Environmental Risk mapping of all traceable suppliers 	<ul style="list-style-type: none"> 97% traceability of local supplies 100% environmental risk mapping done for all traceable suppliers
2022	<ul style="list-style-type: none"> 100% Traceability of local supplies Environmental Risk mapping of all traceable suppliers 	<ul style="list-style-type: none"> 83% traceability of local supplies. It decreased by 14% from before due to the complexity and adoption of new criteria for rubber traceability. 100% environmental risk mapping done for all traceable suppliers
2023	<ul style="list-style-type: none"> 100% Traceability of local supplies Environmental Risk mapping of all traceable suppliers 	<ul style="list-style-type: none"> 88% traceability of local supplies 100% environmental risk mapping done for all traceable suppliers

GOING FORWARD

To continue progressing towards our current goals, we remain committed to intensify our efforts.

The data for Traceability to Plantation for Tier 2 and 3 FFB suppliers will be collected progressively and assessed for progress annually.

For Supply Chain Management, we will also increase efforts to enhance awareness and compliance among suppliers with the FGV Group Sustainability Policy (GSP) and No Deforestation, Peat & Exploitation (NDPE). Aside from the suppliers of Fresh Fruit Bunch (FFB), other types of products also needed to be taken into consideration.

Overall, periodic/annual engagement with the supplier needs to be done to monitor and communicate their compliance and to drive them to adhere to Malaysian regulations.

PROMOTING ECONOMIC GROWTH


REGULATORY COMPLIANCE & SUSTAINABILITY CERTIFICATIONS

WHY IT IS IMPORTANT

Sustainability certification schemes are increasingly vital for FGV as they serve as acknowledgement of compliance with globally recognised industry sustainability standards. These include the Roundtable on Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), International Sustainability and Carbon Certification (ISCC) and Green Gold Label (GGL). These certifications play a fundamental role in establishing trust and offering reassurance to customers and stakeholders regarding the high quality of our products and the conscientious practices implemented throughout our supply chain.

Certification is not only crucial for preserving FGV's reputation and ensuring adherence to standards but also pivotal in light of our position as a leader in the palm oil industry. Additionally, certifications reinforce the sustained acceptance of our products, positioning us as a selected partner/supplier in the global value chain. This, in turn, expands our market shares and customer base, grants access to finance, substantiates sustainability claims, and positions us as a preferred brand among consumers. Consequently, these certifications provide assurance regarding revenue flows and the credibility of our products.

CONTRIBUTION TO THE UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SDG target	How we support the SDG
	Encourage Companies to Adopt Sustainable Practices and Sustainability Reporting	FGV has launched capacity-building initiatives to enhance awareness about the importance of smallholders in its supply chain. The assistance involves creating awareness and supporting them in acquiring the voluntary and mandatory certifications to ensure sustainable practices within its supply chain and promote transparency in reporting.
15 LIFE ON LAND	End Deforestation and Restore Degraded Forest	RSPO and MSPO certifications aim to promote sustainable practices in the palm oil industry, which plays a significant role in land use and biodiversity conservation. As FGV adheres to RSPO and MSPO standards, it contributes to the preservation of terrestrial ecosystems, the protection of biodiversity, and the sustainable management of forests.

OUR APPROACH

In our commitment to operating and advancing responsibly, we are guided by the UN SDGs, Group Sustainability Policy (GSP) and Sustainability Certification Policy Statement and Standards. By obtaining sustainability certifications, we aim to address issues such as conflicts with stakeholders during compliance monitoring and assurance enforcement. Our approach to social compliance, biodiversity and land management is guided by the GSP, our Sustainability Framework as well as the RSPO and MSPO certification systems. These certification schemes are essential in mitigating organisational risks, including regulatory, operational and reputational risks.

PROMOTING ECONOMIC GROWTH

OUR INITIATIVES

RSPO

FGV remains committed to ensuring that all its 66 mills and supply bases are RSPO-compliance since 2010. The RSPO certification is premised on principles and criteria that promote sustainable palm oil cultivation, oil processing and product manufacturing based on a variety of economic, environmental and social indicators. As of the end of 2023, 30 of FGV's mills and its supply bases are RSPO-certified, while the rest of the uncertified mills have undergone and completed all required preparation and are ready to commence the certification process. FGV expects to achieve RSPO certification for all its remaining uncertified mills within 24 months upon the removal of the deferment by the RSPO for FGV to certify its uncertified mills.

MSPO

The MSPO is Malaysia's national certification scheme for Malaysian palm oil plantations, independent and organised smallholders, as well as other palm oil processing facilities. MSPO sets out a comprehensive set of sustainability-focused criteria and indicators, many of which are recognised internationally by environmental and ethical standards bodies.

In 2023, we maintained the MSPO certification for all of FGV's 66 mills and its supply base, and we will continue to ensure we comply with sustainable practices through regular monitoring, evaluation and performance improvement.

Moreover, we have initiated capacity-building programmes to raise awareness of the significance of smallholders in our supply chain. In 2023 we engaged with our smallholders on the criteria outlined by the Malaysian Palm Oil Certification Council (MPOCC) and the Malaysian Palm Oil Board (MPOB) for MSPO certification. Their feedback enabled us to identify the need for technical support during the certification process, farm management training, and financial assistance to cover certification costs.

ISCC

FGV aims to foster sustainable growth and income generation through aligning our operations with the ISCC. Adhering to the rigorous standards set by ISCC, we ensure that our operations meet

ESG criteria. This includes respecting the rights of communities in the areas where we operate. Furthermore, we actively engage with these communities, investing in their development needs. We plan to subscribe to the ISCC (Waste & Residue) certification scheme for all FGVPI mills.

In 2023, FGV Refineries Sdn Bhd-Tawau Oil Products, FGV Biotechnologies Sdn Bhd as well as eight palm oil mills, Maokil, Bukit Sagu, Palong Timur, Lepar Hilir, Lepar Utara 06, Seriting, Keratong 9 and Seriting Hilir received ISCC certification. This demonstrate our commitment to sustainability and responsible business practices.

GGL

GGL is an international certification programme for sustainable biomass based on UN SDG Agenda 21 and the sustainability criteria from the Renewable Energy Directive (2009/28/EC). A verification based on these principles with a positive result will lead to the source being accepted as input under the GGL scheme requirements.

FGV has shown its commitment on sustainable biomass production by subscribing to the GGL certification scheme for all its mills (FVPI). Currently, all palm kernel shell (PKS) produced by FGVPI mills are accepted as GGL certified materials. The two FGV's leased warehouse facilities in Tanjung Beruas Port, Malacca and Pasir Gudang Port, Johor have also been certified for exporting GGL certified materials.

GOING FORWARD

FGV remains committed to furthering and strengthening the sustainability ecosystem within its areas of operations. To further enhance the value of sustainability practices and create more opportunities for its stakeholders, programmes have been drawn out to encourage the participation of stakeholders in FGV's journey on sustainability.

FGV will continue to explore other avenues to ensure the potential of its sustainable commodities are realised and maximised, thus creating a balanced and harmonious business environment for FGV and its stakeholders.

PROMOTING ECONOMIC GROWTH


BUSINESS DEVELOPMENT & PRODUCT QUALITY

WHY IT IS IMPORTANT

As FGV's downstream subsidiary, Delima Oil Products Sdn Bhd (DOP) strives to expand its product offerings in the fast-moving consumer goods (FMCG) market. DOP remains committed to its strategic direction of expanding its product offerings to consumers through developing a healthy blend of palm oil with other vegetable oils with a balanced fatty acid ratio. The World Health Organisation's recommendation of healthy oil for consumption should have a ratio of 1:1.5:1 saturated, monosaturated and polyunsaturated fat; a ratio of 5-10:1 of linoleic acid (Omega 6) and linolenic (Omega 3); and antioxidants. To this end, DOP aims to produce a healthier choice of cooking oil, including by blending palm and seed oils.

Since its inception in 2000, DOP has made great progress in the FMCG segment introducing several quality FMCG products under the Saji flagship brand and penetrating several ASEAN countries, the Middle East, West Asia, and West Africa. DOP is dedicated to enhancing product quality to ensure consumer satisfaction and comply with applicable regulations and requirements while making responsible and sustainable strides in its product expansion.

CONTRIBUTION TO THE UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SDG target	How we support the SDG
	Sustainable Management and Use of Natural Resources	DOP received recognition for the quality of its products, earning numerous awards through the Saji Cooking Oil brand from 2022 to 2023.

OUR APPROACH

We strictly conform to the Code of Practice for Processing and Refining of Edible Palm Oil, as well as the Malaysia Food Act 1983 and Food Regulation 1985. DOP remains committed to ensuring that our production complies with food safety assurance systems and high standards of certification as reflected in the various certifications obtained from various accreditation bodies. These include:

- ✓ Halal Certification by the Islamic Development Department of Malaysia (JAKIM)
- ✓ Hazard Analysis and Critical Control Points (HACCP) and Good Manufacturing Practice (GMP) Certification from the Ministry of Health Malaysia (MOH)
- ✓ ISO 9001:2015 Certification by SIRIM QAS
- ✓ Registered with the United States Food and Drugs Administration (US FDA)
- ✓ KOSHER certified by the London Beth Din Kashrut Division
- ✓ Food Safety assurance Management System (FSSC 22000) Certified by BSI

PROMOTING ECONOMIC GROWTH

PROGRESS AND ACHIEVEMENTS

DOP was recognised for its product quality and won the following awards via Saji Cooking Oil brand from 2022 to 2023:

		
The Brand Laureate 2022-2023	Trusted Brand 2022 – Gold	Experts' Choice Award – Top 10 Raya TVCs 2023
Kantar Top Outstanding Brand 2023	Kantar Brand of The Decade 2022	

DOP attained the Malaysian Sustainable Palm Oil (MSPO) certificate (2023-2026) following a MSPO re-certification audit in May 2023.



FGV is committed to ensuring that our products are designed and manufactured to be safe and meet the highest quality standards.



PROMOTING ECONOMIC GROWTH

ECONOMIC IMPACT

WHY IT IS IMPORTANT

As a global food and agribusiness organisation, we play a vital role in fostering the country's economic growth through our support for the food industry. Recognising that our direct and indirect economic impact can contribute to the nation's prosperity, we endeavour to generate long-term value through our financial performance and the creation of employment opportunities throughout our value chain which grows the country's economy. Additionally, we also ensure that our sustainable business activities are beneficial for our communities and the preservation of the natural environment.

CONTRIBUTION TO THE UN SDGs





	SDG target	How we support the SDG
	Mobilise resources to implement policies to end poverty	FGV strives to expand our business sustainability to ensure positive economic impacts for all of our stakeholders.
	Diversify, Innovate and Upgrade for Economic Productivity Improve Resource Efficiency in Consumption and Production	<p>To include mechanisation, digitalisation as well as R&D, FGV oversees a leading oil palm research centre in Southeast Asia, dedicated to innovating and advancing the industry. Our efforts focus on improving yields, refining processes, and developing sustainable downstream products, while also exploring new revenue streams.</p> <p>To encourage innovation and investment in technologies and practices that are more sustainable and efficient. This can drive productivity gains and enhance competitiveness in the long term.</p> <p>FGV has consistently strived to increase yields through adequate and stable labour, improving field presence, crop recovery efficiency, and implementing ongoing GAP in both primary and young mature areas.</p>

OUR APPROACH

FGV's Business Plan 2026 (BP26) which is our next phase of growth, capitalises on our existing strengths to address any shortcomings in order for us to advance in our competitiveness and market expansion. This strategy incorporates annual adaptations to remain agile in response to market dynamics and emerging prospects, reaffirming FGV's dedication to innovation and global expansion in the agribusiness domain. We believe that through our BP26, we will be able to amplify our economic impact which will help us drive sustainable growth, increase employment rates, and enrich both our organisation and the broader economy.

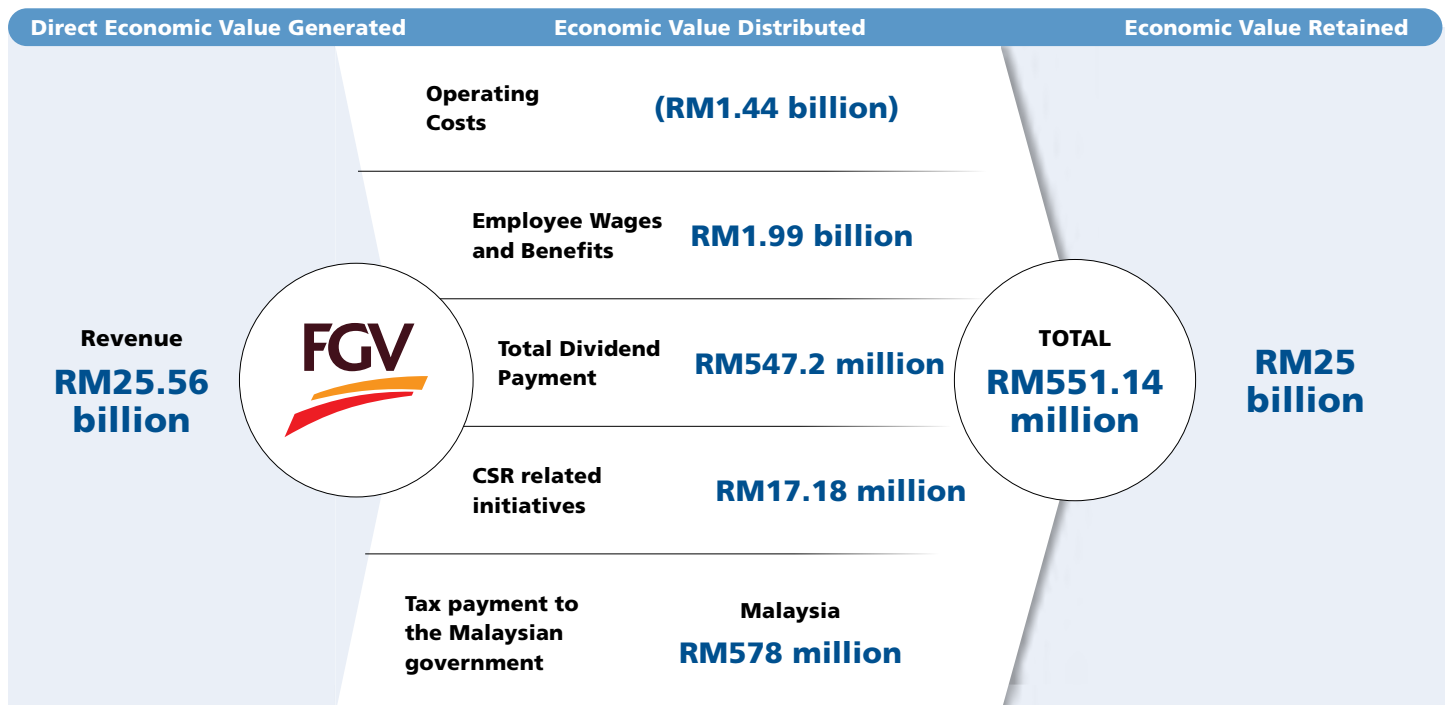
PROMOTING ECONOMIC GROWTH

With the vision of delivering sustainable foods and agriproducts to the world, our BP26 is guided by the four Key Focus Areas.

 Market Strengthening & Penetration	 Operational Excellence & Digitalisation	 Financial Management & Cost Optimisation	 Embedding Sustainability
<p>Our Market Strengthening & Penetration strategy focuses on deepening our presence in existing markets while identifying and capitalising on new opportunities.</p> <ul style="list-style-type: none"> Implementing food strategy Partnerships with established organisations Establishing more bases overseas Developing our people to be global Brand strengthening Supply chain optimisation 	<ul style="list-style-type: none"> Drive operational excellence and digitalisation Process improvement and asset optimisation Technology adoption and modernise operations Foster culture of innovation and sustainability 	<ul style="list-style-type: none"> Asset rationalisation Capital structure optimisation Turnaround plan for underperforming assets Sweating of assets and responsible investment 	<ul style="list-style-type: none"> Environment: Drive climate action and carbon emission reduction, and support renewable energy Social: Remediation plan to modify the WRO, foster in full diversity, equity and inclusion (DEI) Governance: Enhance certifications, rankings and supply chain transparency

PROGRESS AND ACHIEVEMENTS

In 2022, we have generated a direct economic value of RM25.56 billion in sales revenue, of which we have distributed our economic value through various avenues such as tax contributions of RM578 million.



PROMOTING ECONOMIC GROWTH

CASE STUDY

How will the Russia-Ukraine War affect our fertiliser sourcing? Are there any alternative supply countries for us to look forward to?

The impact of Russia-Ukraine war on our fertiliser source is minimal as FGV Fertiliser Sdn Bhd (FGVF) only imports Potash from Russia. Nevertheless, FGVF has covered sufficient Potash to fulfil their requirement for 2022. Due to the Russia-Ukraine war, the Potash price increased for the third quarter of 2022 shipment.

Despite the sanctions due to the Russia-Ukraine conflict, FGVF still maintains a good business relationship with suppliers from Russia. At the same time, FGVF explored alternative Potash sources from other countries such as Canada, Laos, German, Uzbekistan, and etc. for the supply in 2023 onwards. FGVF has received positive responses from these countries' suppliers to supply Potash in the future.



Despite business challenges, FGV continues to leverage opportunities to remain agile.

PROMOTING ECONOMIC GROWTH

CORPORATE GOVERNANCE & RISK MANAGEMENT


WHY IT IS IMPORTANT

Upholding high standards of governance, ethics and integrity is paramount to FGV's long-term success. Embracing these principles not only establishes a strong foundation but also equips us with the capabilities to navigate challenges and adapt to changing environments. Beyond fostering trust and mitigating risks, compliance with these principles facilitates talent attraction and retention, nurtures positive relationships with stakeholders and safeguards our reputation, leading to long-term success and sustainability.

Conducting our business with ethical practices and a steadfast commitment to combating bribery and corruption cultivates a positive workplace culture. By boosting employee morale and enhancing productivity, such practices will create a culture of respect, accountability and responsibility among our employees and workers across our operations.

We recognise that upholding good governance, ethics and integrity will maintain stakeholder trust, safeguard labour rights across our operations and mitigate legal and compliance risks. As such, we remain steadfast in our commitment to upholding these principles across all facets of our business management and operations, ensuring long-term value creation for our stakeholders.

CONTRIBUTION TO THE UN SDGs

	SDG target	How we support the SDG
	Develop effective, accountable and transparent institutions at all levels	FGV instil a robust culture of good governance, ethics, and integrity across the organisation through various policies and guidelines, and frameworks guided by its Governance and Integrity Framework.

OUR APPROACH

The Group's PRIDE values serve as the cornerstone of ethical standards within our organisation. We are guided by the Group Governance and Integrity Framework, which comprises a set of robust policies, guidelines and frameworks. This framework enables us to inculcate a strong culture of good governance, ethics and integrity throughout our organisation. The framework includes the following policies:

- | | | |
|---|--|--|
| ✓ Code of Business Practice for Directors (COBP) | ✓ Whistleblowing Policy | ✓ Conflict of Interest Policy |
| ✓ Code of Ethics and Conduct for Directors (COEC) | ✓ Referral Policy | ✓ Sponsorship and Donation Policy |
| ✓ Anti-Bribery Policy Statement | ✓ Asset, Personal, Interest Declaration Policy | ✓ Code of Business Conduct and Ethics (CoBCE) Policy |
| ✓ Anti-Bribery Management System Manual | ✓ External Gift, Entertainment, Hospitality Policy | |

Apart from adhering to our policies, we are actively implementing strategic initiatives to drive a positive culture of compliance and enhance understanding of ethical practices. This includes sending email blasts and putting up notifications on anti-bribery and corruption policies and procedures for permanent employees. Members of the Board are informed of the policies and procedures during FGV Board meetings. We also conduct comprehensive awareness training, both in-person and online sessions, for members of the Board of Directors, permanent and contract employees, foreign workers and business partners.

PROMOTING ECONOMIC GROWTH

FGV also has a Whistleblowing Policy, which serves as a grievance mechanism for stakeholders to report any instances of improper conduct without fear of punishment or reprisals. Stakeholders can file their complaints through alert@fgvholdings.com. In the period under review (from 2022 to 2023), we received 38 complaints related to corruption, of which 36 cases have been resolved while two remaining cases are currently under investigation.

KEY INITIATIVES 2023

The key initiatives drive the implementation of framework and process methodology enhancements, fostering resilience and preparedness against key risk threat.

KEY INITIATIVES	OUTCOME
Risk Appetite Statement (RAS) The Group enhanced its RAS framework by incorporating KRIs and establishing thresholds to assess corporate risk profiles. The assessment covered primary risk categories: geopolitical, catastrophic, market, strategic, financial, and operational, with a focus on trading functions.	The Group RAS is a vital framework for informed decision-making, instilling confidence in risk navigation and integrating with key management activities. It serves as a governance mechanism for risk-taking, driving current and future business activities in line with strategic objectives.
Enterprise Risk Management System (ERMS) Enhancement Project 2.0 This enhancement is a strategic initiative aimed at improving process ownership and efficiency. It includes key changes like better user experience, refining risk priority moderation, upgrading KRI status, implementing Bow-Tie Analysis, and integrating the Corruption Risk Management (CRM) module. The project also covers top risks nomination, escalation protocol, risk aggregation processes, and dashboard review.	The Project successfully upgraded the ERMS methodology, process, and functionality, integrating the CRM module. This improved ERMS ensures higher-quality input for registered risk assessments, enhances risk reporting, facilitates ongoing and future reviews by respective risk register owners.
Location-Based Crisis Management (LBCM) FGV conducted a LBCM exercise in ESSZONE, Sabah, to proactively address potential disruptions caused by militant threats to operations and businesses in Northern Sabah. The exercise aimed to focus on refining notification and escalation procedures, optimising decision-making efficiency, and increasing overall awareness of Business Continuity Management fundamentals amidst militant threat scenarios.	The LBCM exercise underscored the necessity for improvements to bolster the preparedness and resilience of the participating companies. Regular awareness and training programmes, coupled with ongoing reviews and refinements of notification procedures, can deepen the participants' understanding of crisis management.



More information can be found in the Statement on Risk Management and Internal Control on page 148 of FGV's Annual Integrated Report 2023.

PROGRESS AND ACHIEVEMENTS IN 2022/2023

Integrity and Governance awards and achievements

2023
<ul style="list-style-type: none"> Anugerah Integriti, Governans dan Anti-Rasuah (AIGA) 2023 by The Malaysian Institute of Integrity (IIM) - Silver and Bronze Successfully underwent the re-certification of the ISO 37001 Anti-Bribery Management Systems (ABMS) with extended scope The Malaysia Anti-Corruption Commission (MACC) re-rated FGV as MODERATE for 2020-2023, a change from the initial HIGH rating in 2019
2022
<ul style="list-style-type: none"> Adequate Procedures Adequacy Assessment 2022 - Low Risk by Trident Integrity Silver and Bronze Award by Anugerah Integriti, Governans dan Anti-Rasuah (AIGA) Establishment of Grievance Management Department

NEW INITIATIVES

In 2023, we expanded the scope of our Whistleblowing channel to include foreign workers, providing them with a confidential and safe channel to report issues or concerns they may encounter in the workplace. This will further ensure the fair treatment and protection of our workers, leading to improved working conditions and overall well-being.

GOING FORWARD

We are committed to upholding good governance, ethics and integrity to ensure the long-term sustainability of our organisation. To enhance the understanding of governance, ethics and integrity among our employees, we will continue to provide comprehensive training across all employee categories. Furthermore, we will consistently communicate the Code of Business Conduct and Ethics and related policies and procedures to all employees.




PROMOTING ECONOMIC GROWTH

ANTI-CORRUPTION & ANTI-BRIBERY

WHY IT IS IMPORTANT

The prevention of fraud, corruption and bribery is crucial to protect our integrity and reputation, which is key for building trust with our customers, investors and partners. Our focus is on ensuring compliance with regulatory requirements to prevent fines, penalties and legal action, safeguarding our finances and reputation. We are committed to embedding an awareness culture on anti-fraud, bribery and corruption, not only to enhance our reputation as a company that conducts itself with integrity and ethics, but also to foster a positive work environment. This approach creates a workplace culture that is built on trust, integrity and accountability.

CONTRIBUTION TO THE UN SDGs

	SDG target	How we support the SDG
	Substantially reduce corruption and bribery in all their forms.	FGV conducted Anti-Bribery and Corruption Training and communicated respective policies and procedures to its Board of Directors and Employees.

OUR APPROACH

FGV maintains a zero-tolerance approach towards all forms of bribery, fraud and corruption. We are committed to conducting our business with integrity, ensuring that we uphold the highest standards of ethics in our business dealings and relationships. We have a comprehensive Anti-Bribery Policy Statement, Anti-Bribery Management System Manual and other policies which guide us in our conduct, helping us to identify instances of fraud, bribery and corruption in our business transactions, operations and day-to-day processes.

PROGRESS AND ACHIEVEMENTS

To further mitigate bribery and corruption in our operations, we assess our operations once a year for risks related to corruption. In 2023, risk assessments were conducted in 94% or 34 out of 36 of our operations. The assessments found that there were risk of gratification for receiving low quality fresh fruit bunch at mills and also a risk of data manipulation by researchers and workers.

Additionally, in our commitment to zero bribery, fraud and corruption, we conducted training sessions and communicated our anti-bribery and corruption policies to ensure that our people are well-versed in our approach.



Our employees are trained to uphold integrity and ethical practices in all their business dealings.

PROMOTING ECONOMIC GROWTH

Anti-Bribery and Corruption Training

	Number of Headcount	Percentage
Board of Directors	6	100%
Employees	3,044	18%

Communication on policies and procedures related to anti-bribery and corruption:

	Number of Headcount	Percentage
Board of Directors	6	100%
Permanent Employees	16,771	100%
Business Partners/ Vendors/Suppliers	1,642	41%



We consistently provide our employees with training on anti-bribery and corruption.

In the period under review (from 2022 to 2023), we received 38 complaints related to corruption, of which 36 cases have been resolved. The remaining two cases are still under investigation.

NEW INITIATIVES

In 2023, several programmes were organised to instil awareness of anti-bribery and corruption:

Governance and Integrity Roadshow	Participated by 3,044 employees from across all subsidiaries and divisions.	Communication on Anti-Bribery related matters via email blast and e-magazine	Various communication and information materials have been shared with staff via email blast and e-magazine (Cassia).
ISO 37001 Anti-Bribery Management Systems (ABMS)	FGV successfully achieved recertification with an extended scope.	Talk on Integrity, Corporate Management and the Anti-Bribery Management System (ABMS)	A session with senior management, led by an experienced subject matter expert, was held to emphasise the significance of Section 17A of the MACC Act.
Corruption Risk Management (CRM)	We established a CRM in 34 companies and divisions, enabling the identification, assessment and mitigation of risks related to corrupt practices.	Physical and Online Awareness Training	A total of 46 awareness training sessions have been carried out across all subsidiaries, involving the participation of 3,044 staff members from various levels.

PROMOTING ECONOMIC GROWTH

Anti-Bribery Internal Audit	Successfully conducted Anti-Bribery Internal Audit at 43 sites to evaluate the effectiveness of the Anti-Bribery Management System.	FGV Anti-Corruption Plan 2020 – 2023	The FGV Anti-Corruption Plan consists of 74 identified action plans, all of which have been successfully implemented within the specified timeline and in line with National Anti-Corruption Strategy.
Integrity Day	Several activities conducted including insightful online talk, impactful notes from the Group CEO, and group photo to support the occasion.	Engagement with the Malaysian Anti-Corruption Commission (MACC)	FGV regularly engages with the MACC to stay updated with the latest regulatory compliance. In 2023, 10 engagement sessions were held with the MACC. FGV also consistently submits its IGU reports to MACC's Agency Integrity Management Division (BPIA).
Integrity and Governance Unit (IGU) Best Practices	Sharing session and benchmarking practice with 3 companies such as FELCRA, Sarawak Economic Development Corporation (SEDC), Sime Darby Plantation Berhad.	What Next for Corruption?	Fostering a culture of ethical compliance and transparency, enhancing governance, integrity, and engaging with credible 3 rd party assessors to gauge our effectiveness.

CASE STUDY

FGV has demonstrated remarkable progress in its integrity and anti-corruption efforts over the years. Since the implementation of the Integrity Assessment Tool (IAT) in 2021, the organisation has seen a notable improvement in its integrity levels, achieving an impressive 82% Level of Integrity (Excellent) in 2021, a significant jump from the previous score of 68% in 2018. In 2022, we further conducted a third-party Adequate Procedures Adequacy Assessment, which found that FGV had a LOW-RISK exposure to corruption, indicating minimal grounds for non-compliance towards Section 17A of the MACC Act 2009, which stipulates the corporate liability principle where a commercial organisation can be considered guilty if any of its employees and/or associates commit corruption for the benefit of the organisation. These achievements were further recognised externally when FGV was honoured with Silver and Bronze in the *Anugerah Integriti, Governans dan Anti-Rasuah (AIGA) Award 2022*, organised by the Malaysian Institute of Integrity. Additionally, a risk re-rating conducted by the MACC for the period of 2020 to 2023 revealed that FGV's categorisation of risk exposure to corruption declined from HIGH in 2019 to MODERATE in 2023, showcasing commendable progress in corruption risk management. These accolades and improvements underscore FGV's unwavering commitment to upholding integrity and combating corruption in all facets of its operations.

GOING FORWARD

Moving forward, FGV maintains a zero-tolerance approach towards all forms of bribery, fraud, and corruption. We are dedicated to maintaining governance, ethics, and integrity for the enduring success of our organisation. We are committed to conducting our business with integrity, ensuring that we uphold the highest standards of ethics in our business dealings and relationships. We will persist in offering thorough training to all employees to deepen their grasp of these values, while also ensuring consistent communication of policies and procedures. We have a comprehensive Anti-Bribery Policy Statement, Anti-Bribery Management System Manual, and other policies which guide us in our conduct, helping us to identify instances of fraud, bribery, and corruption in our business transactions, operations, and day-to-day processes.

PROMOTING ECONOMIC GROWTH


DATA SECURITY & PROTECTION

WHY IT IS IMPORTANT

Information Technology (IT) is crucial for modern businesses, as it empowers enterprise corporations by streamlining operations, enabling data driven decisions and fostering innovation. It is essential for maintaining competitiveness and driving growth in today's market. FGV relies on IT for operational efficiencies, cost-effectiveness, and reducing manual labour. We leverage automation and digitalisation to future-proof our plantations and to tap into innovation to improve our business operations and production yield.

Therefore, ensuring data security and protection is essential to safeguarding sensitive information, preventing unauthorised access, and maintaining the integrity and trustworthiness of businesses. In recent years, cyberattacks have affected Malaysian public-listed companies, emphasising the need for increased cybersecurity awareness to protect businesses against data breaches and malicious activities.

CONTRIBUTION TO THE UN SDGs

9 INDUSTRY INNOVATION AND INFRASTRUCTURE	SDG target	How we support the SDG
	Develop Sustainable, Resilient, and Inclusive Infrastructures	<p>FGV has implemented resilience measures, including IT Business Continuity Management and Digital Risk Exposure assessment, to ensure the durability and recovery capability of IT infrastructures against disruptions caused by cyberattacks, or other threats.</p> <p>IT Business Continuity Management is conducted to ensure that critical IT systems and operations remain functional during and after disruptive events. Additionally, the adoption of Digital Risk Exposure assessment will protect FGV's digital assets and enhance resilience.</p>

PROMOTING ECONOMIC GROWTH

OUR APPROACH

FGV refers to IT security standards outlined in the Information Security Management Systems (ISMS) ISO/IEC 27001 as a guide to provide standardised methodologies for robust information security practices within the Group. The standard is ensuring a structured approach to information security, offering guidelines and best practices for safeguarding sensitive data. It also facilitates comprehensive risk assessments, which help identify and mitigate cybersecurity threats. By complying with the standards, we strengthen its security posture, uphold regulatory compliance, and fortify its defences against evolving cyber threats.

PROGRESS AND ACHIEVEMENTS

FGV has rolled out the Managed Security Service Provider (MSSP) programme since 2021, providing specialised security expertise and cutting-edge tools for improved threat detection, continuous monitoring and a proactive cybersecurity approach. The programme has offered scalability and flexibility, allowing FGV to adapt swiftly to changing security needs and enhance overall defence capabilities without high internal investments. In 2022 and 2023, there were zero substantiated complaints concerning breaches of customer privacy and losses of customer data.

INITIATIVES

As part of our IT security proactive measures, in 2022, FGV conducted IT penetration testing, which involves simulating cyberattacks to identify vulnerabilities within its systems, networks and applications. This proactive assessment helped FGV uncover weaknesses and address any gaps to strengthen its cyber security system.

We also conducted an IT Business Continuity Management activity involving strategising and implementing plans to ensure critical IT systems and operations remain functional during and after disruptive events. This activity helped to minimise downtime, maintain essential services, and swiftly recover IT functionalities following unforeseen incidents, safeguarding the continuity of business operations. The effectiveness of IT Business Continuity Management instils confidence among stakeholders, ensuring that services and operations continue as usual even amid challenging circumstances.

In 2023, FGV adopted a Digital Risk Exposure assessment to provide a holistic view of the organisation's digital vulnerabilities in the digital landscape. It enables FGV to proactively identify and mitigate potential threats, bolstering cybersecurity measures and minimising the risk of data breaches or cyberattacks. Thus, it enhances FGV's ability to respond effectively to emerging threats, fortifies its security posture, and reduces the likelihood of data breaches or cyber incidents. Ultimately, this contributes to protecting its digital assets and strengthening our resilience.

GOING FORWARD

FGV plans to improve IT security by streamlining user access control, minimising the risk of unauthorised access to critical systems and data. By centralising and regulating user identities and permissions, it will mitigate potential security breaches and bolster overall cybersecurity measures. The solutions will enhance operational efficiency, simplify administration, and ensure a more secure access environment within the organisation. FGV will continue to invest in cybersecurity initiatives that can help minimise cyber risks in its business. Cybersecurity makes up 10% of its annual IT budget and it plans to improve in terms of keeping data safe.

PROMOTING ECONOMIC GROWTH



COMMUNITY DEVELOPMENT

WHY IT IS IMPORTANT

Community engagement serves as an opportunity for us to champion sustainable development within our operations and the surrounding areas. At FGV, we actively conduct stakeholder consultation programmes and Social Impact Assessments (SIA) among the community in areas where we operate. Our commitment involves ensuring compliance with RSPO principles and criteria, MSPO standards, and policies governing communication, dispute resolution and negotiations with stakeholders.

We also conduct SIAs to achieve harmonisation, prevent conflicts and ensure adherence to social and environmental requirements. This proactive approach aims to prevent conflicts and negative impacts while fostering awareness on our sustainability initiatives.

CONTRIBUTION TO THE UN SDGs

 3 GOOD HEALTH AND WELL-BEING	Target	How we support the SDG
	<p>Promote well-being for all at all ages</p> <p>Demonstrate FGV's commitment to supporting and contributing to children's enjoyment of their rights and encouraging their healthy upbringing through sport. It will promote the spirit of international exchanges and mutual understanding of different cultures and values.</p>	<p>Providing funds for participation fees.</p> <ul style="list-style-type: none"> FELDA football team's participation in the ASEAN Japan U13 Football Cup 2023
 4 QUALITY EDUCATION		
	<p>Ensure students acquire the knowledge needed to promote sustainable development through environmental education</p> <p>Scholarships for higher education</p>	<p>Providing funds for the eco project and scholarships</p> <ul style="list-style-type: none"> Green Growth Eco School Programme Global Digital Leadership Programme partnering with Asia Pacific University Of Technology & Innovation (APU) and coordinated by Yayasan Felda

OUR APPROACH

We remain steadfast in our commitment, guided by the principles outlined in our Group Sustainability Policy, specifically in Section 5.2.3: Respecting the Rights of Indigenous Peoples and Local Communities. FGV is also guided by its CSR Policy, the RSPO Principles & Criteria, Communication, Engagement and Negotiation Procedure and Social Impact Assessment Guidelines.

In 2023, the Group Sustainability Division allocated and executed a phased stakeholder engagement initiative. Additionally, SIAs were conducted to gather feedback from various stakeholder groups,

to identify and mitigate both negative and positive impacts stemming from FGV's operations, thereby driving continuous improvements. The insights gathered will help us in developing strategies to mitigate negative impacts, implement corrective actions and enhance positive outcomes.

We also strive to build trust among stakeholders, prevent miscommunication and raise awareness about our sustainability initiatives. This includes educating stakeholders on our efforts in labour compliance, prohibiting forced labour, child labour and human trafficking.

PROMOTING ECONOMIC GROWTH

PROGRESS AND ACHIEVEMENTS

We continuously develop and carry out projects to support the communities in the areas where we operate. This includes improving plantation infrastructure and establishing 13 clinics in remote areas for our workers' healthcare needs, with approval from the Ministry of Health. We also organised COVID-19 screenings and vaccinations for our employees to prioritise their health and safety.

FGV has also invested in improving living conditions for our workers and setting up Community Learning Centres to ensure that their children receive education. We also actively support communities during difficult times, providing both financial and non-financial aid to those affected by the pandemic and natural disasters, with a focus on addressing food insecurity.

Additionally, the businesses operating under the Integrated Farming initiative are dedicated to supporting the community by providing income-generating opportunities.

NEW INITIATIVES

In 2023, the total amount invested in the community where the target is external to the listed issuer: [Ⓐ] RM1,553,040

In 2023, the total number of beneficiaries of the investment in communities*: 17,328

* The total number of beneficiaries is an estimated figure. There are investments where the number of beneficiaries could not be accurately ascertained. For these investments, FGV has not included them in the total figure. Moving forward, FGV is taking steps to ensure that all records of beneficiaries for each community investment are accurately recorded.

[Ⓐ] This data has been externally assured. Please refer to the Independent Limited Assurance Report on pages 122 to 125.

In 2023, we focused on enhancing the well-being of students and the B40 community through various initiatives. This not only contributes to the success of our business but more importantly, leaves a lasting positive impact on the welfare and livelihoods of those involved.

Eco-School Programme

FGV is sponsoring the three-year programme, which aims to encourage students to play an active part in preserving their environment through an eco-project. The Green Growth Asia Foundation (GGAF) is partnering with FGV to provide students with training on how to identify, design and execute their project. The programme enables the students of SMK Triang 3 to apply the knowledge of recycling, energy conservation and reducing carbon emissions to their daily lives and to share it with their families and communities.



FGV plays an active role in advocating for environmental issues within communities.

PROMOTING ECONOMIC GROWTH

ASEAN Japan International Youth Football Cup



FGV's sponsorship of the Felda U13 football team in the ASEAN Japan U13 Football Cup 2023 demonstrates FGV's commitment to supporting children's rights and the development of their well-being. This is in line with FGV's Policy Statement and Guidelines on Respecting and Protecting Children's Rights.

Global Digital Leadership



FELDA & FGV Holdings Berhad through Yayasan Felda signed a Memorandum of Understanding (MoU) with the Asia Pacific University of Technology & Innovation (APU) to deliver a Global Digital Leadership (GDL) education programme covering a broad range of technology specialisations. The programme aims to increase digital preparedness among students in line with the Industrial Revolution 4.0 (IR4.0) through exposure to reality and practicality in order to produce excellent human capital ready to embrace the challenges in the digitalisation era.

The strategic collaboration offers 18 technology-based courses including Information Technology (IT), System Security, Cloud Engineering, Network Computing, Mobile Technology, the Internet of Things (IoT), Digital Transformation, Financial Technology (FinTech), Business Information Systems, Software Engineering, Computer Science, Data Analytics, Digital Forensics, Cyber Security, Intelligent Systems, Multimedia Technology, VR/AR and Computer Games Development.

PROMOTING ECONOMIC GROWTH

CSR Initiative for Mountain Rangers, Porters and Students in Sabah



FGV's ongoing commitment to supporting underprivileged communities in Sabah extended to the foothills of Mount Kinabalu. We partnered with the Malaysia Productivity Corporation (MPC) and assisted 36 mountain rangers and porters, along with 44 students from Sekolah Kebangsaan and Sekolah Menengah Bundu Tuhan. Our contribution these beneficiaries include windproof jackets, t-shirts and financial aid, amounting to RM40,000 in value.

SEA Youth Sustainability Summit



FGV sponsored a summit that convened 847 youths from Southeast Asia to engage in a Sustainability Forum. Government officials, academics, private sector representatives, and non-profit organisations participated in the forum, aiming to address environmental challenges collectively and facilitate discussions on sustainability-related issues. The programme also provided mentorship to student leaders, empowering them to develop social impact projects and incorporate sustainability principles into their future endeavours to drive positive change.

SECTION THREE

RESPECTING HUMAN RIGHTS

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RESPECTING HUMAN RIGHTS

UPHOLDING HUMAN RIGHTS & LABOUR STANDARDS

WHY IT IS IMPORTANT

At FGV, upholding human rights reflects our commitment to the wellbeing and dignity of individuals within our operations and throughout our supply chain. Championing human rights contributes to long-term sustainability by gaining investors' trust and also safeguarding our business from reputational risks. We recognise that failure to uphold human rights undermines the ethical foundation of society. In our effort to promote a sustainable and socially responsible palm oil industry, FGV is steadfast in ensuring that our operations are free from any form of exploitation, including forced or child labour, human trafficking, or modern slavery. We strictly adopt a zero-tolerance approach to all forms of human rights violations across all our operations.

CONTRIBUTION TO THE UNSDGs

	SDG target	How we support the SDG
	Full employment and decent work with equal pay	FGV introduced a string of new initiatives to strengthen labour compliance and minimise the risk for forced labour and child labour
	End modern slavery, trafficking and child labour	
	Protect Labour Rights and Promote Safe Working Environments	

OUR APPROACH

We consistently embrace human rights standards, industrial best practices, and comply with Malaysia's Industrial Act of 1967 and Employment Act of 1955.

Additionally, we are guided by the following policies:

- ✓ Group Sustainability Policy (GSP)
- ✓ FGV Group Guidelines and Procedures for Responsible Recruitment and Employment of Migrant Workers
- ✓ FGV Group Grievance Management Policy

Through the diligent implementation of regulations concerning human rights and labour standards, we aim to bolster our reputation among stakeholders and simultaneously enhance employee satisfaction and retention.

Apart from adhering to human rights principles that are aligned with international standards, we also comply with applicable laws and regulations to protect the rights of our diverse workforce. We stand guided by FGV's Group Sustainability Policy's (GSP) second pillar on respecting human rights which establishes:

Equality and Non-Discrimination

1

Upholding Labour Standards

2

Respecting the Rights of Indigenous Peoples and Local Communities

3

Health & Safety

4

Preventing Harassment and Abuse

5

We also ensure our value chain including vendors, suppliers, consultants and contractors complies with FGV's GSP.



RESPECTING HUMAN RIGHTS

Prohibition of Child Labour

Child labour prevention is imperative as it safeguards the well-being and future prospects of children, ensuring they have the opportunity for proper development. Additionally, ethical business practices that prohibit child labour contribute to building a positive reputation for companies, fostering trust among consumers and stakeholders.

OUR INITIATIVES

In 2021, we supported the National Pledge against Child Labour Campaign, an initiative by the Ministry of Human Resources of Malaysia, the Human Rights Commission of Malaysia (SUHAKAM) and the International Labour Organization (ILO) Malaysia. FGV's pledge and commitment against child labour continues to be a priority.

This year, we continued our steadfast commitment to this issue:

Collaborated with Project Liber8, a local NGO focusing on raising public awareness of the issues of human trafficking for the following initiatives:

- Organised six workshops on the issues of child labour and child trafficking for the students, their parents and teachers of FGV's Community Learning Centres (CLCs) to raise awareness and empower them with prevention steps from being victims
- Adopted and implemented the NGO's module on child labour and child trafficking at our CLCs to ensure students have a better understanding
- Adopted the Policy Statements and Guidelines on Respecting and Protection Children's Rights, reiterating our zero tolerance across our operations. The Guidelines cover but are not limited to:

Equal treatment of children	Child protection
Access to education	Adequate living conditions for children's development
Prevention of child labour	

Protecting the Rights of Migrant Workers

In our business, we substantially employ migrant workers and acknowledge their contribution to our operations. We are guided by the Group's Guidelines and Procedures for Responsible Recruitment and Employment of Migrant Workers (GPRRMW) to ensure that we adopt practices that are in line with international standards.

This covers the adoption of a No Recruitment Fees policy for migrant workers, strictly prohibiting any entity from charging recruitment fees to the workers. Furthermore, we strengthened our due diligence procedures concerning the selection of recruitment agencies:

1 A pre-sourcing mechanism is implemented to assess prospective agencies based on their commitment to human rights and labour standards.

2 A due diligence exercise is conducted in source countries, evaluating agencies on operational processes and facilities. Workers are asked by a third-party organisation if they had paid any recruitment fees and reimbursements will be made accordingly once validated.

3 Workers are interviewed upon their arrival in Malaysia to assess their recruitment experience. Workers are also asked if they had paid any recruitment fees. Any claims of recruitment fee payment will be reimbursed upon validation.

4 Additionally, training sessions on responsible and ethical recruitment are provided to the agencies.

In 2023, following a more rigorous monitoring mechanism three recruitment agencies were suspended for not adhering to FGV's ethical and responsible recruitment requirements.

OUR INITIATIVES

Our ongoing initiatives in safeguarding rights and ensuring no forced labour practices include:

One-Stop-Centres in Malaysia, India and Indonesia

- Thoroughly brief workers on their rights, terms of employment, responsibilities, entitlements and benefits, and nature of work

Training sessions

- Mitigate the potential risks of forced labour practices
- Conducted 21 training sessions, involving an estimated 2,182 participants during the year, to educate them on the 11 ILO Indicators of forced labour

Healthcare clinics

- Take care of workers' well-being through our 13 clinics, approved by the Ministry of Health, at our various plantations in remote areas
- Equip all workers with Personal Protective Equipment (PPE) at no cost
- Enhancement of medical benefits for operational labour with unlimited annual medical allowance (previously capped at RM200)

RESPECTING HUMAN RIGHTS

FGV e-Wallet application

- Brief workers on the app at One-Stop-Centres
- Safely disburse salaries via the app for convenient cashless transactions
- With the facility, workers can perform cashless transactions to remit money to their families at their hometowns

Grievance mechanism

- A platform to assist our management in mitigating any grievances, complaints, disputes or challenges from workers
- These feedback act as important insights for our management in understanding operational matters and improving the implementation of labour practices
- FGV's Group Grievance Management Policy was adopted to strengthen the existing Grievance Policy
- FGV's Group Grievance Committee was established to provide oversight over the management of grievances
- Grievances can be submitted anonymously via the FGV app's e-grievance feature, FGV's Carelines, complaint boxes and the grievance book through appointed representatives
- The app also enables workers to report in a text or audio recording in their preferred language at anytime, which is kept strictly confidential

MITIGATING THE WITHHOLD RELEASE ORDER (WRO) ISSUED BY THE UNITED STATES CUSTOMS AND BORDER PROTECTION (US CBP)

More than two years ago, FGV was one of the eight Malaysian companies that was served with the WRO pertaining to forced labour issues.

Between 2022 and 2023 FGV implemented a remediation plan with 12 focus area :

Management of workers	Reimbursement of recruitment fees	Salary and wages	Overtime and hours of work
Human resource matters	Workers' welfare	Health, safety and environment	Facilities
Contractor management	Grievance mechanism	Management systems	Workers undergoing regularisation

- Strengthening of migrant labour recruitment process to remove any practices that could be linked to forced labour, including allocating RM112 million to reimburse our current and former migrant workers for any recruitment fees that they may have paid. In 2023, FGV completed the reimbursement of recruitment fees to 20,153 active migrant workers through three payments totalling RM72.2 million, which were made in March, June, and September 2023.
- Upgrading of housing and living facilities for our workers including improving access to potable water and internet access
- Establishment of Harmony Communication Committee (HCC) at the Estate level, where workers can dialogue with estate management and raise concerns including grievances on a monthly basis
- Establishment of an independent Grievance Management Department as part of efforts to strengthen the overall grievance mechanism
- Allocation of RM605 million to upgrade and construct new housing for migrant workers in 2024-2026.
- Allocation of RM15 million in 2024 to enhance internet connectivity at workers housing in remote areas.
- Collaboration with the Nation Union of Plantation Workers (NUPW) to encourage union participation among workers, demonstrating our commitment to improving labour practices.
- Verification of our remediation plan by LRQA is set to take place in the first quarter of FY2024.
- Submission of a petition to the U.S. CBP to revoke the WRO is scheduled for the end of the second quarter of FY2024



RESPECTING HUMAN RIGHTS

Collective Bargaining Agreement

We uphold the rights of our employees by supporting them to be part of trade unions or any association of their choice and to engage in collective bargaining. As of 2023, 6,380 of our workforce is protected by Collective Agreements (CAs).

Our non-executive staff members are safeguarded by the workers' unions, providing a platform for suggestions and concerns. Our internal and national unions advocate for employees across diverse segments. Meetings with each union are held biannually. However, we will increase the frequency should an urgent matter take place. We believe that regular engagements with union representatives play a pivotal role in promptly resolving concerns raised, ensuring the welfare and rights of employees are addressed effectively.

Apart from obtaining their input, we respect them by notifying them in advance should there be operational changes, of which, FGV has established that the notice period and terms for CA consultation and negotiation will require a period of three months' notice. Furthermore, a Harmony Communication Committee (HCC) has been established in our estates, benefiting all workers, including migrants, to collaboratively address issues and concerns affecting them. Members of the HCC include migrant worker representatives from different nationalities who are elected by the workers.

Number of CAs signed with workers' unions in 2023:



- **14** internal union agreements
- **3** external agreements with the National Union of Petroleum and Chemical Industry Workers (NUPCIW) and the National Union of Commercial Workers (NUCW)

The CAs cover all our workers in plantations, mills, factories, refineries, bulking, and logistics facilities, almost all of our operations.

OUR INITIATIVES

This year, our engagements with unions include:

FGV worker's unions are registered labour unions that represent employees within the Group. Each of our subsidiaries has union representatives, elected by members, who meet with local management representatives regularly in forums, to discuss and resolve issues. As of 2023, there were 17 labour unions within the Group representing 6,380 or 41% of permanent employees in Malaysia (excluding MSM and Integrated Farming) across our estates and mills in Malaysia including Sabah. The main purpose of worker unions is to give workers the power to negotiate for more favourable working conditions and other benefits through collective bargaining. FGV recognises the right of the unions as well as our employees to freedom of expression within the stipulated law and does not preclude individuals from joining the unions. The Management and FGV Union Exco members hold a Collective Bargaining meeting every three years to renew the Collective Agreement. In addition to this, in compliance with the ILO Standard, the Management conducts bi-annual engagement sessions with all worker's unions by region.

In 2023, we received 4 substantiated complaints concerning human rights violations, the cases mainly involved collecting payment from workers without authorisation. Investigations and appropriate actions have been taken to address the complaints.

RESPECTING HUMAN RIGHTS

Grievance Management

To promote transparency, ethical conduct and accountability, we encourage our employees and other stakeholders to raise any issues that they may have with FGV's operations.

Role of FGV's Grievance Management Department

Receive all complaints through the grievance channels

Analyse and evaluate complaints and facilitate investigations

Communicate and share with related parties for investigation and remediation of the grievance.

Produce reports

Provide feedback to complainants

Additionally, we consistently inculcate awareness in our workforce and stakeholders, creating a platform to equip them with the essential knowledge and skills to comprehend the issues and challenges prevalent in the industry. By engaging our stakeholders, we not only help them to make informed decisions, but also strengthen our relationships with them and create a common understanding towards a more sustainable future.

During the year under review, we received 1,250 grievances, of which 46% have been resolved and the remaining are undergoing remedial action.

Grievance awareness sessions were conducted nationwide, involving 2,002 employees and external stakeholders

2022: **8** sessions

2023: **14** sessions

Our Grievance Management Department is responsible for ensuring that any complaints received via FGV's grievance channels are mitigated as below.



FACE-TO-FACE

Individuals can meet with the Grievance Officer for any issues related to work.



POST A LETTER TO US

Grievance Management Department (GMD)
Level 13, Wisma FGV, 50350 Kuala Lumpur



FGV APP

Individuals can submit grievance through the FGV App.



CARELINE

Individuals can submit grievance through telephone calls/SMS/WhatsApp - **+60 19 692 9668**



EMAIL

Individuals can submit grievance through the provided email: **grievance.m@fgvholdings.com**

Individuals submitting the grievance are encouraged to share information such as their name, location, and an active phone number to facilitate the process. Nonetheless, any grievant who submits a grievance may do so anonymously.

GOING FORWARD

Moving forward, we will continue to provide our full commitment to human rights and labour standards. The Group is constantly observing and developing new approaches and mechanisms to ensure the continuous preservation of human rights, avoiding all causes of violation in the organisation. We will also continue to work together with relevant parties and ensure that our operations are in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs).



RESPECTING HUMAN RIGHTS


DIVERSITY, EQUITY, INCLUSION

WHY IT IS IMPORTANT

Diversity, Equity and Inclusion (DEI) enriches the workplace in various aspects including promoting an innovative mindset that contributes to more effective decision making and problem-solving methods. Embracing DEI is not just a strategic advantage for the organisation but a fundamental aspect of ethical and equitable practices.

Employee engagement is critical for our company's success as it directly impacts productivity, innovation and overall workplace satisfaction. When our employees are engaged, they invest their energy and creativity into their work, leading to increased efficiency and higher-quality outcomes. Engaged employees are also more committed to our company's goals, contributing to a positive workplace culture and fostering a sense of belonging within our organisation. This emotional connection translates into improved retention rates, reducing turnover costs and ensuring continuity of institutional knowledge for our company. Moreover, a highly engaged workforce is more resilient in the face of challenges, promoting adaptability and innovation within our company. In essence, employee engagement is not just a metric; it is a cornerstone for building a motivated, productive, and thriving workforce that positively impacts our bottom line and the overall success of our company.

CONTRIBUTION TO THE UNSDGs

5 GENDER EQUALITY	SDG target	How we support the SDG
	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	FGV Organised Women in Leadership Programme for Manager & Senior Executive Level aiming at encouraging growth and leadership within the organisation

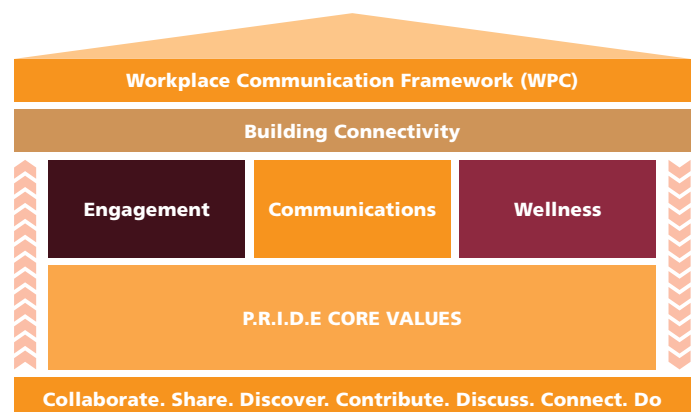
OUR APPROACH

We do not tolerate any form of discrimination at the workplace and strive to provide equal opportunities to all employees. In this context, we do not discriminate against age, gender, nationality, religion, social groups, political standing, ethnicity or any other prohibited grounds of discrimination. Our employees are fairly rewarded based on their job performance, experience and seniority. As part of our pledge to provide equitable and dignified employment, we adhere to the minimum wage regulations set by the respective countries we operate in.

We acknowledge the significance of gender equality and are actively implementing tangible measures to introduce initiatives across the entire Group. Our Gender Equality and Women Empowerment (GEWE) Committee, chaired by our Group Chief Human Capital Officer, has oversight over initiatives and efforts to promote gender equality and women empowerment in the workplace. The establishment of the GEWE reinforces our steadfast commitment to a zero-tolerance stance against all forms of discrimination, enabling a more comprehensive integration of gender perspectives into policies and practices.

We place a high value on employee engagement as a fundamental aspect of our organisational culture. We are dedicated to enhancing the overall

well-being of our employees through the Workplace Communication Framework (WPC). This platform empowers our team members to respectfully voice their thoughts and opinions on areas where improvements can be made, fostering open discussions that bridge the gap between employees, management, and C-level executives. Additionally, our commitment to employee welfare is exemplified through the establishment of our Welfare Policy Standard Operating Procedures (SOP). These documents outline clear rules and procedures regarding the provision of financial assistance to our employees and the organisation of welfare activities, all made possible through the FGV Welfare Fund.



RESPECTING HUMAN RIGHTS



Women’s Empowerment Principles (WEPs)

FGV was the first Malaysian oil palm company to be a signatory for the WEPs, a set of principles developed by the United Nations Entity for Gender Equality, the Empowerment of Women (UN Women) and the UN Global Compact. WEPs will serve as guidance to businesses in promoting gender equality and women’s empowerment in the workplace, industry and community.

PROGRESS AND ACHIEVEMENTS

PRIDE Initiatives

In 2020 FGV launched several initiatives to promote its PRIDE (Partnership. Respect. Integrity. Dynamism. Enthusiasm) values across the workforce to integrate the values into day to day work. In 2023, the campaign was continued and further amplified with a physical platform called PRIDE Corner in all workplaces across the Group. Promotional materials were uploaded to FGV Hub, an internal online platform, and emailed to respective employees on a monthly basis. The PRIDE Corner implementation is monitored on a quarterly basis.

Employee Roundtables

The Employee Roundtable sessions are an ongoing initiative and continued to be the main engagement platform in 2023. These sessions require each workplace to conduct a minimum of at least four roundtable sessions per year and the sessions are chaired by the CEOs or Heads of the Divisions or Heads of the Workplace. Concerns raised during the sessions must be addressed within a 60-day timeframe. Any outstanding issues will be escalated to Top Management for resolution.



Employee Engagement Survey (EES)

This survey is designed to provide the organisation with insights into the needs of our human capital by determining the level of communication and engagement required to cultivate a robust corporate culture and dedicated teams. The survey is conducted by an independent third-party organisation. In 2023, our EES results recorded 81% of the top quartile, surpassing the Malaysian average. The survey further revealed that our employees consistently spoke positively of the Group, had a strong desire to be a part of the Group and were willing to go above and beyond to ensure the success of the business.



RESPECTING HUMAN RIGHTS

NEW INITIATIVES

Following the analysis of the EES results, we have taken proactive steps by organising the Top Team Alignment Workshop and the EES Action Planning Workshop. These workshops aim to delve deeper into the findings of the EES and address any emerging issues effectively. Additionally, they aim to synchronise FGV's culture with its overarching goals and translate this alignment into tangible success outcomes and expected behaviours. Furthermore, the action plans formulated during these workshops will be systematically implemented and closely monitored throughout the year 2024, with progress reviews scheduled on a quarterly basis.

OUR INITIATIVES

During the year under review, the GEWE supported gender equality and women empowerment by:

Initiatives by GEWE

Collaboration with Malaysian Palm Oil Council (MPOC) for the International Day for the Elimination of Violence Against Women

A sexual harassment workshop was organised involving Malaysian palm oil companies to mobilise and accelerate collective efforts to combat sexual harassment at the workplace. The workshop was attended by 50 representatives from FGV and seven other palm oil companies in Malaysia. Among the topics it covered were relationships between gender, power dynamics, gender-based violence and addressing sexual harassment at the workplace.

International Women's Day

A panel discussion was held on women empowerment and gender equality in the palm oil sector with LeadWomen, an advisory and training organisation for women empowerment at the workplace. The event was attended by 100 participants from various sectors including government agencies, corporate sectors, civil society organisations, UN agencies and the diplomatic corps. In conjunction with International Women's Day, FGV also officially announced its commitment as a signatory to the WEPs to further champion women's rights within its operations.

Women in Leadership Programme

The Women in Leadership Programme is designed and developed for female employees from the Manager and Senior Executive levels, who have the potential to be nurtured as future leaders. This is in line with the demand for more women in leadership positions, which have been proven to improve organisational performance and create positive impact on society.



RESPECTING HUMAN RIGHTS

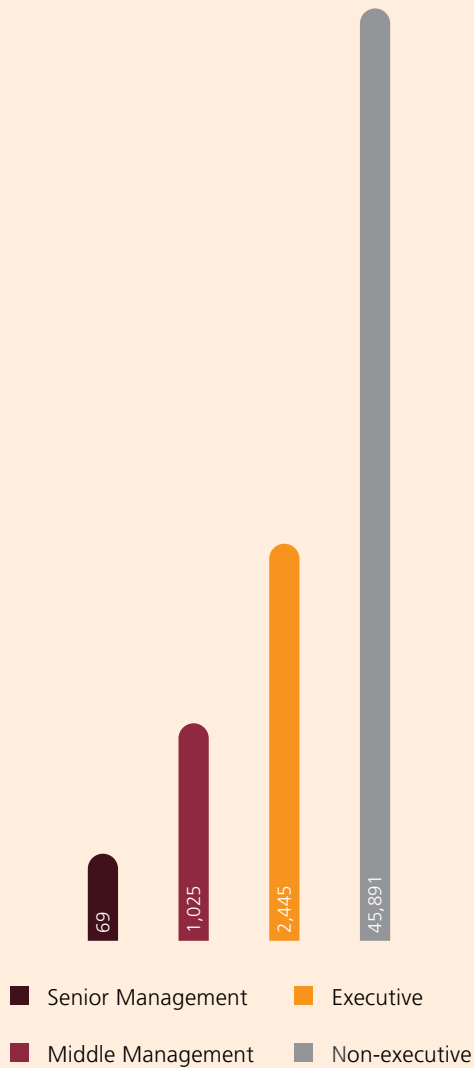
Our Workforce Profile¹

Total Workforce: **49,430**

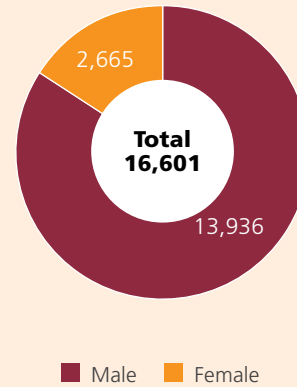
FGV Employees (Monthly Rated)
16,601

Operational Labour (Daily and Piece Rated)
32,829

FGV Employees Breakdown by Job category



Permanent Employees



Total Number of Turnovers

6,936

Contractors and temporary staff in 2023:

54%

Total Number of New Hires

6,362

¹ Information as at 31 December 2023.



RESPECTING HUMAN RIGHTS

By Gender

Employee Category	Number		Percentage (%)	
	Male	Female	Male	Female
2023				
Senior Management - SVP / VP	55	14	79.7	20.3
Middle Management - SGM / GM / SM / M	815	210	79.5	20.5
Executive - SE / E	1,641	804	67.1	32.9
Non Executive	39,090	6,801	85.2	14.8
TOTAL	49,430			
2022				
Senior Management - EVP / SVP / VP	62	12	83.8	16.2
Middle Management - SGM / GM / SM / M	836	199	80.8	19.2
Executive - SE / E	1,568	748	67.7	32.3
Non Executive	40,490	7,144	85.0	15.0
TOTAL	51,059			
2021				
Senior Management - EVP / SVP / VP	59	11	84.3	15.7
Middle Management - SGM / GM / SM / M	810	178	82.0	18.0
Executive - SE / E	1,554	718	68.4	31.6
Non Executive	35,111	5,264	87.0	13.0
TOTAL	43,705			

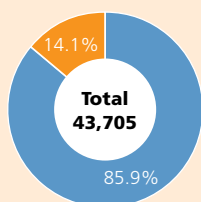
By Age Group

Employee Category	Number			Percentage (%)		
	<30 years old	30 – 50 years old	>51 years old	<30 years old	30 – 50 years old	>51 years old
2023						
Senior Management - SVP / VP	-	35	34	0.0	50.7	49.3
Middle Management - SGM / GM / SM / M	2	739	284	0.2	72.1	27.7
Executive - SE / E	522	1,596	327	21.3	65.3	13.4
Non Executive	15,232	26,568	4,091	33.2	57.9	8.9
TOTAL		49,430				
2022						
Senior Management - EVP / SVP / VP	-	41	33	0.0	55.4	44.6
Middle Management - SGM / GM / SM / M	1	755	279	0.1	72.9	27.0
Executive - SE / E	475	1,506	335	20.5	65.0	14.5
Non Executive	15,689	27,610	4,335	32.9	58.0	9.1
TOTAL		51,059				
2021						
Senior Management - EVP / SVP / VP	1	31	38	1.4	44.3	54.3
Middle Management - SGM / GM / SM / M	3	664	321	0.3	67.2	32.5
Executive - SE / E	468	1,352	452	20.6	59.5	19.9
Non Executive	10,123	25,415	4,837	25.1	62.9	12.0
TOTAL		43,705				

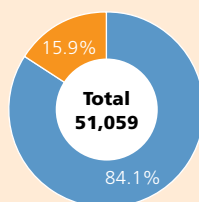
RESPECTING HUMAN RIGHTS

FGV Employees

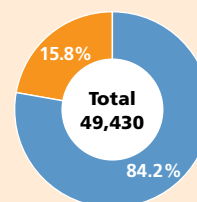
Gender



2021



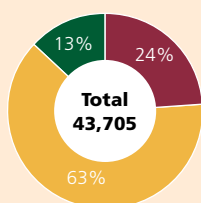
2022



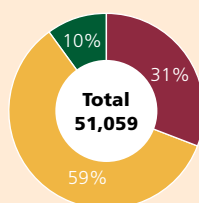
2023

Male
Female

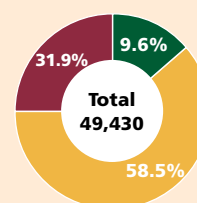
By Age Group



2021



2022



2023

<30 years old
30-50 years old
>51 years old

By Ethnicity

2023				
	Chinese	Malay	Indian	Others
Senior Management	6	61	1	1
Middle Management	59	882	17	67
Executive	42	2,160	38	205
Non-executive	59	12,435	80	33,317
2022				
	Chinese	Malay	Indian	Others
Senior Management	4	68	1	1
Middle Management	59	888	18	70
Executive	41	2,040	36	199
Non-executive	60	12,480	77	35,017
2021				
	Chinese	Malay	Indian	Others
Senior Management	5	63	1	1
Middle Management	56	847	19	66
Executive	52	1,984	35	201
Non-executive	71	11,870	78	28,356

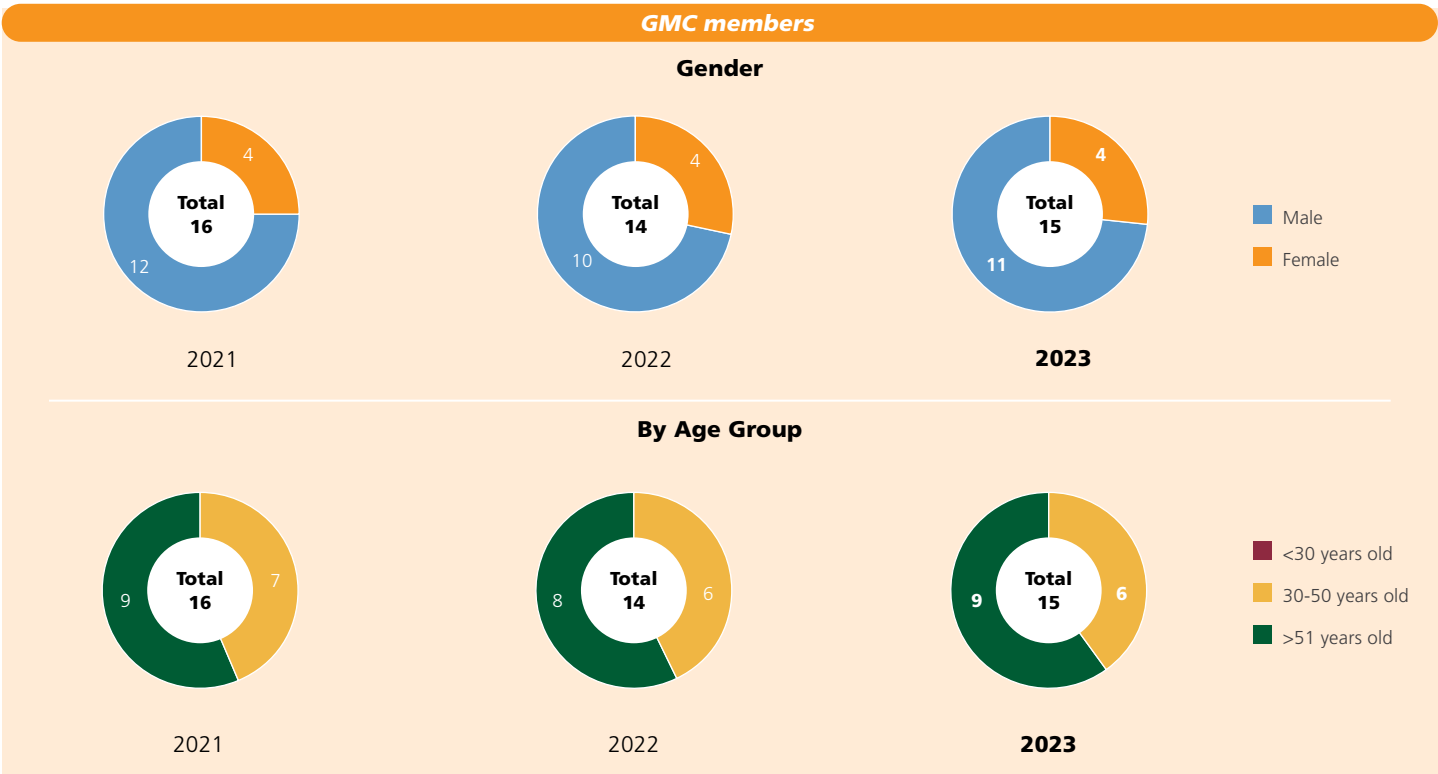
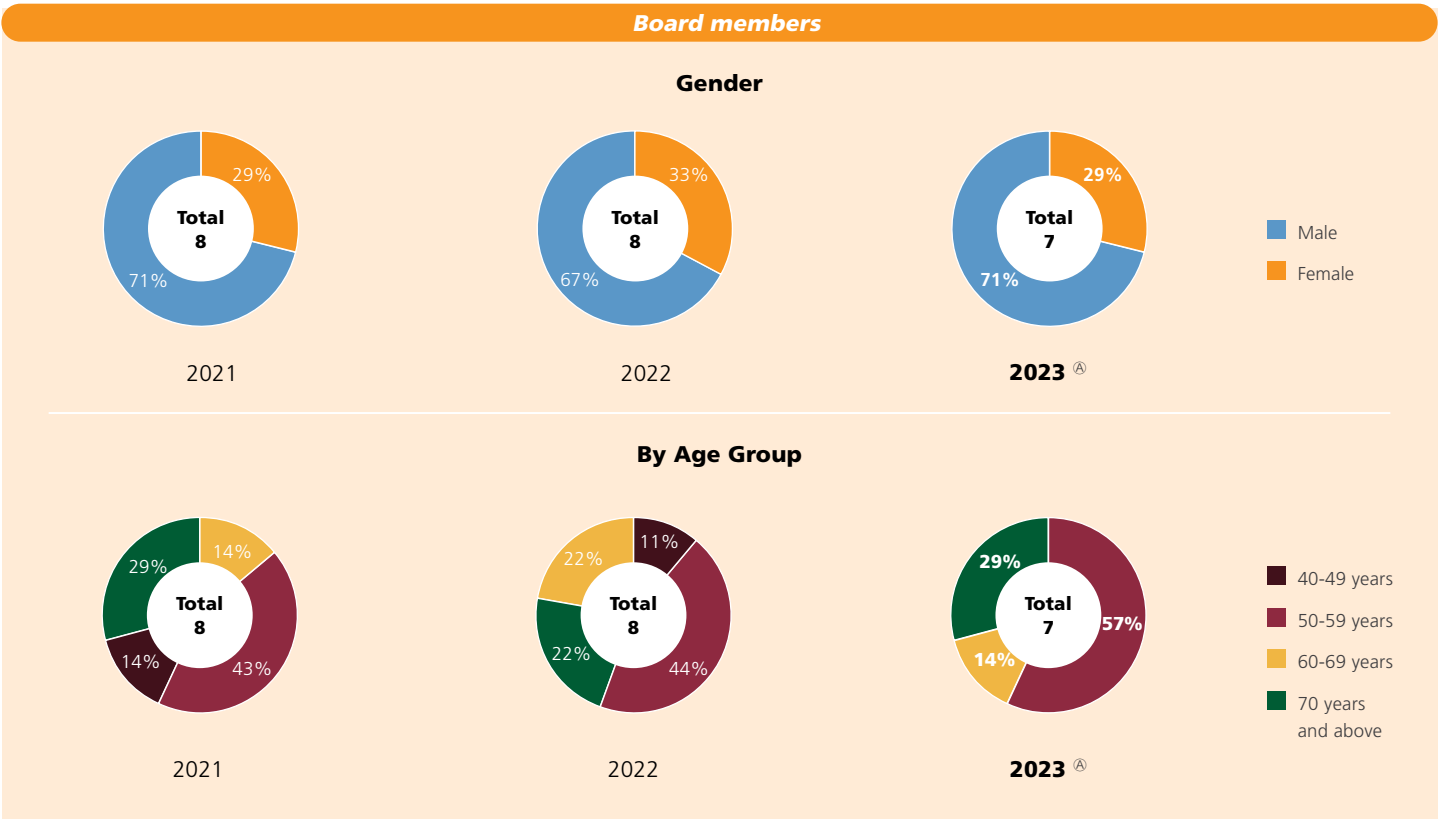


RESPECTING HUMAN RIGHTS

By Ethnicity

	2023	2022	2021
Total Number of New Hires	6,362	14,439	2,056
By Gender			
Male	5,713	13,262	1,170
Female	649	1,177	886
By Age Group			
<30 years	3,383	7,357	1,261
30-50 years	2,945	6,955	765
>51 years	34	127	30
Total Number of Turnovers	6,936	5,725	5,745
By Gender			
Male	6,143	5,104	5,188
Female	793	621	557
By Age Group			
<30 years	3,144	2,054	1,897
30-50 years	956	3,530	3,640
>51 years	2,836	141	208
By Employee Category			
Senior Management	1	-	-
Middle Management	43	-	-
Executive	154	-	-
Non-executive	6,738	-	-

RESPECTING HUMAN RIGHTS



RESPECTING HUMAN RIGHTS

TALENT DEVELOPMENT

WHY IT IS IMPORTANT

Talent management is crucial for us at FGV as it aligns individual capabilities with our strategic objectives, ensuring a skilled and engaged workforce. By attracting and retaining top talent, we foster innovation, enhance performance and maintain a competitive edge. Effective talent management includes succession planning, employee development and a commitment to cultivate a positive workplace culture, contributing to increased productivity and adaptability within our organisation. It not only mitigates risks associated with skill gaps and turnover but also positions us for long-term success by creating a resilient and dynamic workforce capable of navigating evolving challenges in the global business landscape.

CONTRIBUTION TO THE UNSDGs

8 DECENT WORK AND ECONOMIC GROWTH	SDG target	How we support the SDG
	We aspire to achieve organisational growth through enhancing individual prosperity that also fuels economic growth.	By fostering employment opportunities, we help promote fair labour practices and invest in the skills development of their workforce through strategic talent acquisition and development.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	We aim to support and promote environmental sustainability to create a healthier and more resilient planet for all living beings.	By promoting ethical sourcing, and environmentally conscious practices in talent acquisition and organisational development, we can minimise our ecological footprint and contribute to building a more sustainable future we can minimise our ecological footprint and contribute to building a more sustainable future
13 CLIMATE ACTION		

OUR APPROACH

The Talent Management and Succession Plan Policy aims to enhance the Group's succession pool, expedite leadership readiness, and attract and retain top talent. This involves implementing Talent Management Standard Operating Procedures to consistently identify and groom successors for key positions within FGV. The Individual Development Plan (IDP) Framework focuses on nominating successors for critical roles, emphasising a process led by immediate superiors to address skill gaps and prepare successors for future responsibilities. Additionally, the Critical Position Framework outlines the identification of key roles vital for business performance and the Job Rotation Framework serves as a developmental programme, offering talent exposure to various divisions to broaden their understanding of organisational operations and readiness for higher roles.

RESPECTING HUMAN RIGHTS



The Ceremony of FGV ACe Programme Graduation

PROGRESS AND ACHIEVEMENTS

FGV ACe Programme

In 2022 and 2023, six graduates from the ACe Programme were granted membership. The graduation ceremony took place on November 28, 2023, during which the Chairman presented internal certificates to the graduates.

NEW INITIATIVES

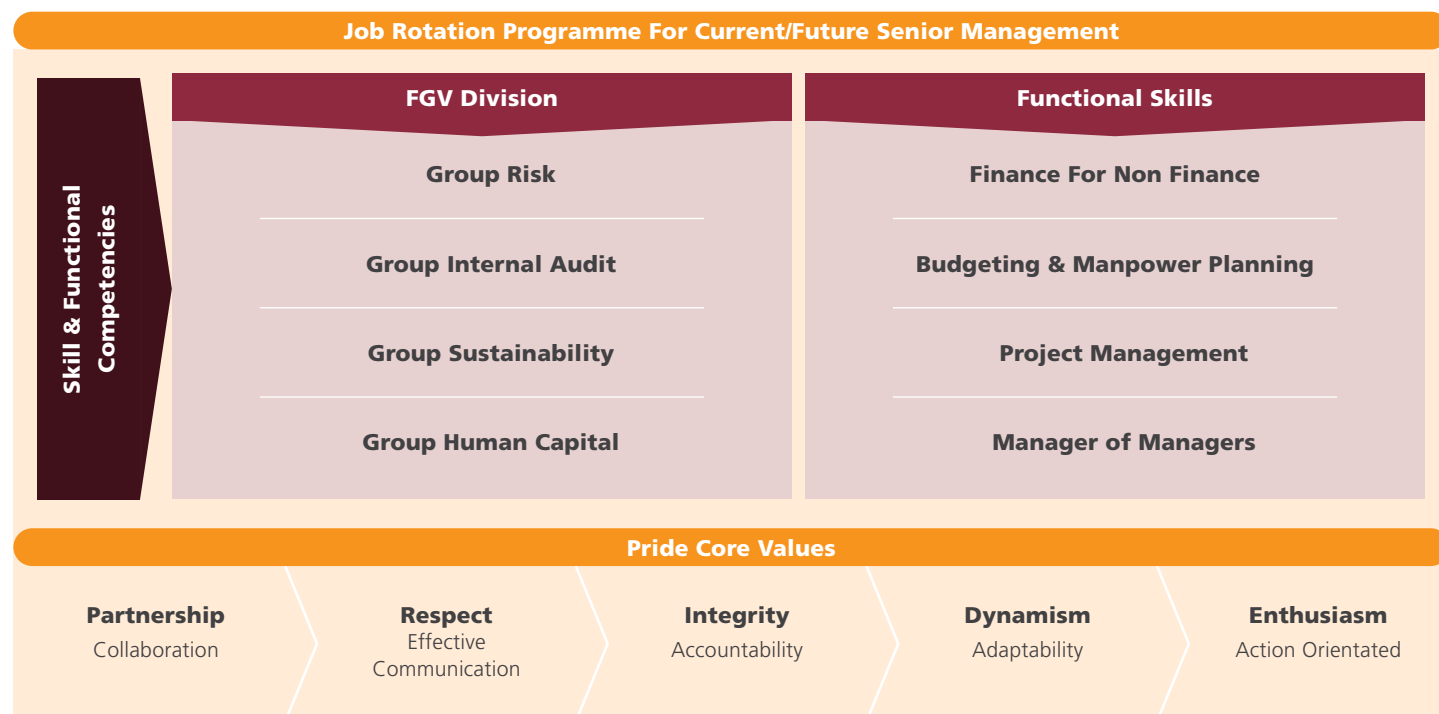
The Asia Young Leaders Programme (AYLP)

AYLP was a flagship leadership development programme organised by the Global Institute for Tomorrow (GIFT) introduced in 2023. It is a unique programme that redefines leadership with insights and connections to the world's challenges. The AYLP encourages deep thinking, reflection on real-world experiences, and the free exchange of ideas in a powerful learning environment. This transformative programme fosters deep introspection, leveraging real-world experiences and fostering dynamic idea exchange among the participants from internal and external.

Talent Rotation Programme (TRoP) Internal Rotation

Introducing potential middle management within FGV to the pathways of future leadership roles is pivotal for fostering organisational growth and sustainability. By immersing them in a comprehensive understanding of FGV's operations, processes, and challenges, we empower these individuals to become strategic decision-makers and effective leaders when stepping into higher roles. Through tailored experiences and skill development initiatives, we are dedicated to cultivating a pool of talent within FGV that can adeptly navigate the complexities of our sector, division, and company dynamics, thereby strengthening our leadership pipeline for the future.

RESPECTING HUMAN RIGHTS



Leadership Assessment Centre

The Leadership Assessment Centre was presented to HCSC on 3rd April 2023, and approved for implementation in 2024. It entails a thorough assessment of individuals' skills, knowledge, and abilities, aiming for a more objective and comprehensive evaluation. This initiative is crafted to:

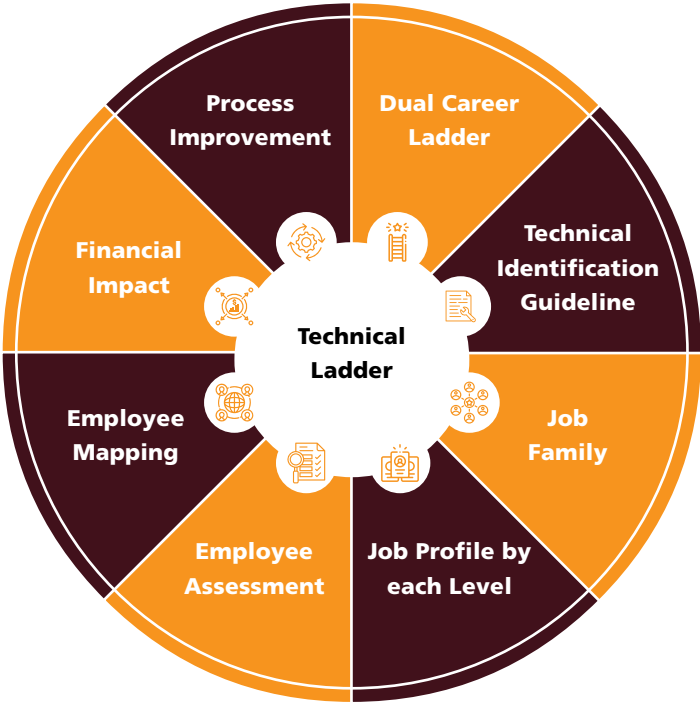
- 1 Offer a precise measure of leadership readiness and pinpoint gaps in leadership competencies and capabilities, thereby formulating Individual Development Plans (IDPs) to bridge these gaps
- 2 Provide a clearer understanding of strengths and areas for growth among FGV Senior Management and their potential successors
- 3 Ensure a fair assessment of candidates, enhancing credibility and transparency in the selection and promotion processes
- 4 Identify high-potential individuals and gauge their suitability for elevated Senior Management positions

Technical Ladder

The Framework, presented and approved by HCSC on December 20th, 2023, outlines the creation of a Technical Ladder, offering a structured career advancement path for technical experts within our organisation. This initiative aims to:

- 1 Cultivate a culture of innovation
- 2 Encourage idea generation
- 3 Streamline product development processes
- 4 Foster the creation of Intellectual Property (IPs)
- 5 These anticipated outcomes are expected to enhance organisational performance, leading to heightened profitability

RESPECTING HUMAN RIGHTS



Executive Coaching Programme

The one-to-one executive coaching concluded in early 2023 and its outcomes were presented to HCSC meeting on 3 April 2023. Approval for conducting the second cohort was granted based on the positive results and feedback received. The programme's sessions emphasise the importance of the present challenging business environment and organisational context (strategy, business challenges and opportunities) or leadership development work. It recognises certain attributes in an organisation's context like strategy, business challenges and opportunities.

Programme Duration: One Year	
Participants: 15 pax	
7 newly appointed CEO	
8 potential future CEO (Successors)	
Coaching sessions: 7 Engagements	
1 Pre-Coaching session	
6 Executive Coaching Sessions	



RESPECTING HUMAN RIGHTS

Training Hours*

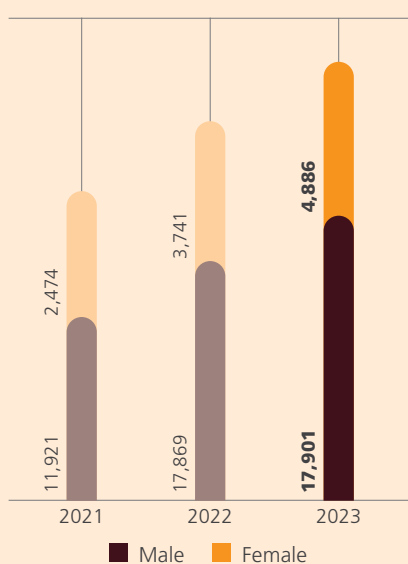


Total Training Hours for 2023

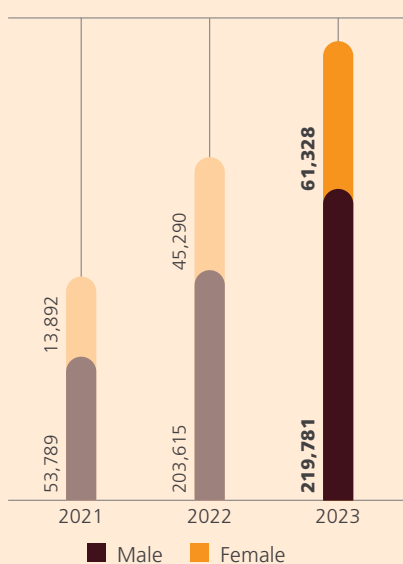
281,109

By Gender

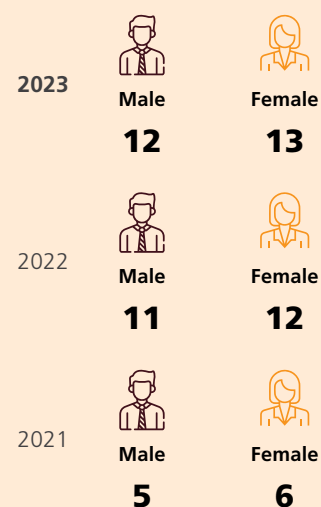
Total No. of Employees



Total No. of Training Hours

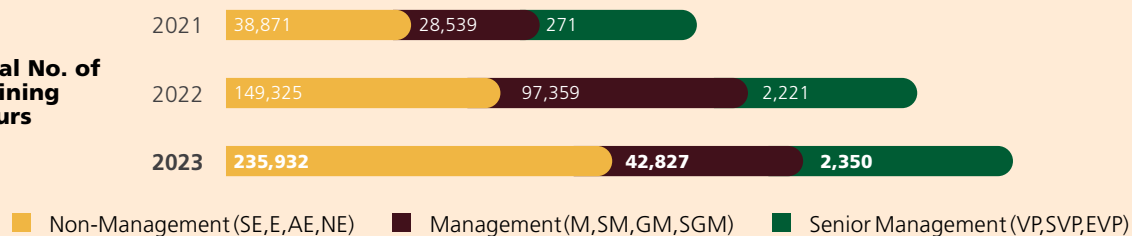


Average Training Hours Per Employee

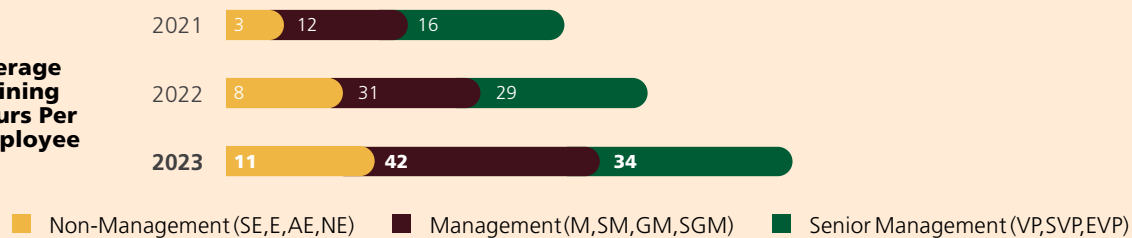


By Employee Category

Total No. of Training Hours



Average Training Hours Per Employee



* excluding migrant workers

RESPECTING HUMAN RIGHTS


OCCUPATIONAL HEALTH & SAFETY

WHY IT IS IMPORTANT

Prioritising occupational health and safety (OHS) helps to safeguard our workers from accidents and illnesses. We emphasise OHS principles to reduce the severity and likelihood of incidents at the workplace. Our OHS measures are designed to address health risks arising from exposure to hazardous substances, ergonomic challenges and health issues. A safe workplace is vital as it promotes employee well-being and enhances productivity by allowing our workers to focus on their tasks, improving productivity across our operations. At FGV, we address not only occupational health risks but also strive to balance workplace safety with environmental impact.

Moreover, our compliance with OHS regulations minimises legal risks and penalties. By ensuring a safe and healthy workplace, we meet our workers needs, nurturing trust and loyalty among employees. Additionally, implementing OHS measures reduces costs associated with workplace accidents and injuries, including medical expenses, lost wages and legal fees, while bolstering our business reputation among skilled workers who prioritise safety and health.

CONTRIBUTION TO THE UNSDGS

3 GOOD HEALTH AND WELL-BEING	SDG target	How we support the SDG
	Reduce Illnesses and Deaths from Hazardous Chemicals and Pollution	FGV employs the Risk Assessment and Risk Control (HIRARC) system to identify potential hazards and assess the likelihood of incidents and accidents, thus safeguarding the well-being of its operational staff.

OUR APPROACH

FGV's commitment to ensuring the health and safety of all within its operations is guided by several OHS policies and frameworks including the Health and Safety Policy, Environmental Policy and Standard Operating Procedures (SOPs). The National Occupational Safety and Health Master plan 2021-2025 (OSHMP25) also guides our commitment to reducing occupational accidents and illnesses throughout FGV. Our health and safety initiatives are implemented under the FGV's #GOHOMESAFE programme, which is our overarching OHS initiative.

We are governed by our OHS management system, which systematically manages and addresses health and safety risks within our operations, fostering a safe and regulatory-compliant work environment. In 2022 and 2023, we focused on accident prevention, inculcating a safety culture, and the right approach mechanisms. We also continued measuring our safety performance and identifying areas for improvement.

We foster top-down and bottom-up approaches from the Board of Directors, Group CEO, Group Management Committee members, and downward roles upholding the accountabilities and accountabilities in OHS and environment matters.

Workers covered by an OHS management system	Number	Percentage
No. of employees covered by an OHS management system that has been audited or certified by an external party	4,060	8%
Workers who are not employees but whose work is controlled by the organisation	1,176	3%



RESPECTING HUMAN RIGHTS

Identifying Hazards, Assessing Risks and Investigating Incidents

Our efforts in OHS focus on accident prevention, instilling a safety culture and adopting the right approach. The Accident Prevention aspect involves making continuous improvements through hazard and risk identification. The Accident Prevention Improvement Plan (APIP) assesses accidents and near misses for the effectiveness of risk controls and Corrective and Preventive Actions (CAPAs). Regular HSE training and coaching will keep employees informed about changes in procedures and equipment. To foster a Safety Culture, FGV strives to report Near Misses and Safety Observations (NeMSO), to enable corrective action before accidents occur.

FGV conducts regular risk assessments to identify potential hazards and ensure the safety of our employees. We have in place a Hazard Identification, Risk Assessment and Risk Control (HIRARC) system in line with Malaysia's Department of Occupational Safety and Health (DOSH) guidelines. This system enables us to identify potential hazards, assess the likelihood of incidents and accidents, integrate proper planning and management and ensure safety practices are embedded in our operations to manage daily operational risks. Through HIRARC documents, accident investigation reports, NeMSO reports, workplace inspection reports, audit reports and SOPs, we systematically identify workplace hazards to ensure a safe work environment for all.

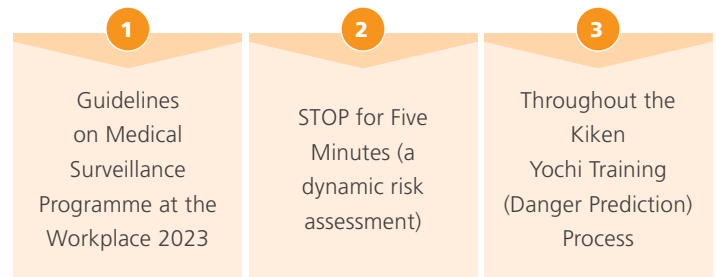
In FGV, we prioritise the implementation of OHS control measures based on the as low as reasonably practicable (ALARP) hierarchy principle. The hierarchy of OHS control measures is as follows:

Elimination
Substitution
Engineering Controls
Administrative Controls
Personal Protective Equipment (PPE)

We are governed by a robust structure. Each business unit has its own accountable OHS and Environmental personnel for regulatory compliance and oversight of OHS and Environmental matters. Interdependent OHS and Environment teams between business units and at the Group level are synergised in terms of promoting OHS and Environment awareness and collaboration in identifying and addressing OHS and Environment concerns.

Work-related hazards can be reported through various channels including the Near Miss & Safety Observation (NeMSO) via the online app 'FGV Powersafe,' scanning the QR code, via rollcall or in writing. Workers are encouraged to submit these reports with the assurance that they will be treated without any form of discrimination. Additionally, employees are educated and reminded of risk recognition during rollcalls, Kiken Yochi Training (KYT) and Permit to Work (PTW) System sessions to foresee potential dangers and prevent accidents.

In the event of an identified hazard, workers are advised to physically remove themselves to prevent further exposure to hazards or risks. FGV is guided by these processes:



FGV shared its achievements and challenges in ensuring the safety of its people on various industry platforms.

RESPECTING HUMAN RIGHTS

Occupational Health Services

At FGV, we strive to create a workplace that promotes the physical, mental and social well-being of employees, minimises hazards and ensures compliance with health and safety regulations. To this end, we have occupational health services which prevent and address work-related injuries, illnesses and health hazards. Our initiatives for the year include:

- ✓ Implemented Guidelines on the Medical Surveillance Programme at the Workplace 2023
- ✓ The Occupational Health Doctor (OHD) submitted a medical surveillance report
- ✓ Suppliers submitted a Safety Data Sheet (SDS), a comprehensive document that includes information on the properties of chemicals, ensuring the safe use, management, storage and disposal of hazardous substances
- ✓ Conducted a Noise Risk Assessment Report incorporating the Audiometric Testing provided by Noise Risk Assessment Assessor
- ✓ The Chemical Hazard Risk Assessment (CHRA) Assessor submitted a Chemical Health Risk Assessment Report
- ✓ An Ergonomic Risk Assessment Report was provided by an ergonomics-trained person
- ✓ Conducted a Health Screening Programme (HSP 3.0 PERKESO)
- ✓ Organised a health talk webinar series
- ✓ Conducted medical examinations during the pre-employment process
- ✓ PMCare provided medical coverage as part of employee benefits

Additionally, our Group HSE has adopted guidelines from the Ministry of Health, known as the 'Komuniti Sihat, Perkasa Negara' (KOSPEN), emphasising occupational health and compliance with health and safety regulations. There are 11 on-site clinics in remote areas and in our plantations to offer free outpatient treatment, health check-ups and first aid for both occupational and non-occupational incidents/accidents among migrant workers on our plantations. Ambulances are available for patient transfers and medical teams provide basic occupational first aid training to employees.

Engaging Employees for a Safer Workplace

The active participation of employees and workers in OHS significantly contributes to a safer and productive workplace. The communication protocols for both internal and external channels are clearly defined in the SOP. Communication platforms for OHS include the FGV hub, internal memo, HSE notice board, posters, email blasts, workplace inspections, OHS committee meetings, awareness training and social media platforms. Every work site also has an established OHS committee, which is led by a chairman, a secretary and representatives from both management and workers.

OHS Training

In FY2022, 21 training programmes were conducted, including Emergency Response Team Training, HSE Training Need Analysis, Group HSE Strategic Plan, SOHELP-DIY Training, HIRARC & Chemical Management, Compliance and Handling for Palm Oil and Natural Rubber Mills, ERP for ERT, Chemical Safety Training, Scheduled Waste Management, HSE Benchmarking, ERT Competency Training, COSH 2022, and more.



Number of employees trained on health and safety standards



2023:

42,309

2022: 41,137 **2021:** 35,994

RESPECTING HUMAN RIGHTS

OHS Performance in 2023

The majority of work-related hazards with high-consequence injury potential stem from harvesting and milling activities, as indicated in accident investigation reports. To address this, we have implemented safety measures including the installation of covers, hard barriers, adherence to 'avoid the line of fire' principles, Lockout/Tagout (LOTO) procedures and comprehensive training.

In 2023, four employee fatalities were recorded which involved one local employee, two foreign employees and one contractor's employee.

The fatalities were due to falling from different levels, falling into hot liquid pond, being hit by moving objects and being stung by wasps.

Overall Lost Time Injury (LTI) cases increased from 224 cases in 2022 to 405 cases in 2023. Lost Time Injury Frequency Rate (LTIFR) also increased from 1.79 in 2022 to 3.23 in 2023.

In relation to work-related ill health, no fatalities were reported. However, we recorded a total of 133 cases of work-related ill health involving noise-induced hearing impairment, two cases involving skin diseases, one case involving musculoskeletal disorder (MSD), one case involving occupational asthma. As such, we implemented engineering controls, such as installing sound barriers, lubricating, overhauling administrative controls such as job rotation, providing training and PPE.

Work-related Injuries*

All Employees	2023	2022	2021
Fatalities as a result of work-related injury			
Number	4 [Ⓐ]	3	2
Rate	0.03	0.06	0.02
High-consequence work-related injuries			
Number	3	3	1
Rate	0.022	0.024	0.008
Recordable work-related injuries			
Number	405	224	221
Rate	3.23 [Ⓐ]	1.79	1.88
Number of hours worked	125,393,840	124,962,229	117,270,918
Workers who are not employees but whose work and/or workplace is controlled by the organisation	2023	2022	2021
Fatalities as a result of work-related injury			
Number	1	2	1
Rate	0.0075	0.04	0.01

* FGV uses the Bursa Sustainability Guide 3rd Edition as a reference point for the calculation. Please refer to page 127 for the formula.

[Ⓐ] This data has been externally assured. Please refer to the Independent Limited Assurance Report on pages 122 to 125.

RESPECTING HUMAN RIGHTS

Work-related ill health

All Employees	2023	2022	2021
Number of fatalities as a result of work-related ill health	0	0	0
Number of cases of recordable work-related ill health	133	118	87
Workers who are not employees but whose work and / or workplace is controlled by the organisation	2023	2022	2021
Number of fatalities as a result of work-related ill health	0	0	0
Number of cases of recordable work-related ill health	0	0	0

GOING FORWARD

To instil a safety culture across FGV, we aim to promote the #GOHOMESAFE programme across all of FGV's Group of Companies to achieve an injury-free workplace. We will also enhance competency by bolstering the capabilities of the HSE team and enhancing HSE awareness among employees. Furthermore, we are committed to ensuring complete HSE compliance at worksite levels, conducting additional HSE engagement sessions, and developing a robust Vendor Development Programme that incorporates HSE aspects.



FGV strives to establish an injury-free workplace by embedding a safety culture in its operations.


RESPECTING HUMAN RIGHTS

SMALLHOLDERS

WHY IT IS IMPORTANT

Smallholders are one of the most important contributors in the oil palm supply chain, and they play a crucial role in FGV's operations. Their participation ensures a diverse and resilient supply of palm oil while fostering economic growth and social development in local communities. By working closely with smallholders, FGV not only strengthens its supply chain but also promotes sustainable practices throughout its supply chain and inclusive economic growth within the palm oil industry.

CONTRIBUTION TO THE UNSDGS

2 ZERO HUNGER 	SDG target	How we support the SDG
	Double the productivity and incomes of small scale food producers	Ensure that our smallholders are aware of new sustainable agricultural practices and standards, to remain competitive in the market as well as have in place practices that are resilient against climate related risks
	Sustainable food production and resilient agricultural practices	

OUR APPROACH

FGV is dedicated to responsible sourcing and actively collaborates with its independent smallholders (ISHs) to equip them with the resources and knowledge needed for sustainable practices in line with its Group Sustainability Policy (GSP) and Fresh Fruit Bunches (FFB) Sourcing Policy. Through training, technical assistance and access to markets, FGV aims to empower ISHs to enhance their livelihoods while fostering environmental and social inclusivity.

OUR INITIATIVES

In 2022, we held an Independent Smallholders Consultation programme in collaboration with the Malaysian Palm Oil Board (MPOB) and Malaysian Palm Oil Certification Council (MPOCC). Based on the session, we have found that smallholders require technical support, training and financial support to meet MSPO certification requirements. As such, from 2022 to 2023, over 700 smallholders participated in our smallholder training programme. The workshop provided technical advice on agronomy and industry awareness updates on the palm oil industry's development, challenges and regulatory requirements.



We are dedicated to providing support and training to our smallholders.

RESPECTING HUMAN RIGHTS

FGV'S Consultation Programme with ISHs and Dealers

We conducted nine consultation programme sessions involving 721 independent smallholders and dealers between November 2022 and July 2023 at the following locations:

Johor Bahru, Johor
Kuching, Sarawak
Port Dickson, Negeri Sembilan
Pulau Pinang
Kuantan, Pahang
Kuala Terengganu, Terengganu
Miri, Sarawak
Rompin, Pahang
Tawau, Sabah

The objective of the programme was to raise awareness among independent smallholders and dealers on sustainability-related matters, including FGV's commitment to sustainability standards, certifications, and principles in line with the GSP.

The speakers for the programme consisted of representatives from the GSD, FGV Trading Sdn Bhd, MPOB, MPOCC and RSPO. The programme was conducted in Bahasa Malaysia and focused on FGV's GSP commitment, MSPO, traceability, the 11 indicators of forced labour by the ILO Indicators of Forced Labour and FGV's FFB sourcing process.

The lively and interactive sessions saw the participants learn about the various issues regarding the RSPO and MSPO certifications. This included the processes of obtaining and renewing the certifications, as well as the benefits of attaining the certifications such as improved product quality, marketability and competitiveness. The discussions also touched on the availability of financial facilities such as soft loans and subsidy provisions.

Following the sessions held, FGV conducted a questionnaire analysis to gather feedback and insights from the participants on their knowledge about sustainability practices. The findings of the analysis showed that the number of participants who believed in sustainability and long-term value creation increased from 96 individuals before the sessions to 200 individuals after the sessions. The participants also gained a better understanding of FGV's GSP, the No Deforestation, No Peat, and No Exploitation (NDPE). A total of 511 participants expressed their interest in obtaining RSPO and were keen to seek advisory services, estate management training, and information about the cost of certification audits.

GOING FORWARD

We will continue to hold more engagement sessions with ISHs and dealers to improve their understanding of sustainability and raise awareness about sustainable agriculture practices. We will also including Felda settlers and smallholders in the ISH.



FGV engages with smallholders and dealers on sustainability-related issues such as certifications.

SECTION FOUR

PROTECTING THE ENVIRONMENT

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Energy Management	90
Soil, Pest & Disease Management	93
Water Use	95
Biodiversity & Land Management	99

PROTECTING THE ENVIRONMENT


CLIMATE CHANGE

WHY IT IS IMPORTANT

Climate change is a critical global concern that affects supply chains, businesses and daily life, manifesting through extreme weather events and temperature fluctuations. This year, temperatures are expected to rise, underscoring the global shortfall in meeting the 2015 Paris Agreement target to limit global warming to below 1.5°C. According to CICERO, Norway's climate research institute, global emissions are expected to rise by 0.5% and 1.5% in 2023¹. Despite advancements in clean energy adoption, reducing reliance on coal, oil and gas remains imperative for further progress.

FGV strives to be a carbon neutral company, actively mitigating the adverse impacts of climate change on our operations. We persist in implementing efforts to meet our net-zero targets by 2050, adopting strategies to navigate climate change challenges and ensuring the long-term sustainability of our business organisation. We aspire to halve our GHG emission intensity by 2030 to zero by 2050 aggregated across all our commodities.

CONTRIBUTION TO THE UNSDGS

<div><div>13</div><div>CLIMATE ACTION</div><div></div></div>	SDG target	How we support the SDG
	<p>FGV is committed to addressing SDG 13 which focuses on climate action and urges actions to limit and adapt to climate change.</p> <p>FGV pledges its commitment to becoming a net-zero emissions business by 2050.</p>	<p>In support of this commitment, FGV has adopted a comprehensive climate action plan that encompasses six key strategic factors: climate governance and risk management, carbon management, operational efficiency, waste management, water management and climate awareness. This plan reflects FGV's dedication to taking proactive steps to mitigate the impacts of climate change and aligns with the urgent call for global climate action outlined in SDG 13.</p>

OUR APPROACH

We remain guided by our Climate Action Plan, which directs our efforts towards a Just Transition. This approach enables us to achieve sustainable development and climate goals while minimising negative impacts. The Climate Action Plan empowers us to address important aspects of climate change mitigation throughout our operations.

PROGRESS AND ACHIEVEMENTS

Climate Action Plan

Climate change remains a significant threat to humanity. As a leading palm oil producer in Malaysia, FGV is committed to combatting global warming. Our commitment includes implementing the Sustainability Framework, emphasising environmental responsibilities.

At FGV, sustainability is integral to our operations, and we believe that profit and growth are interconnected.

In September 2021, FGV achieved a significant milestone by becoming the first food and agriculture company in Malaysia to formalise its commitment. This was accomplished through the signing of the United Nations (UN)-endorsed Science Based Target initiative (SBTi) Business Ambition for 1.5 Celsius pledge. This initiative advocates for the reduction of global warming to limit the temperature to below 1.5 Celsius, marking FGV's dedication to environmentally responsible practices in the realm of food and agriculture. To meet this commitment, FGV has formulated an integrated climate action plan that incorporates six pivotal strategic factors in our sustainability journey:



PROTECTING THE ENVIRONMENT

CLIMATE ACTION PLAN

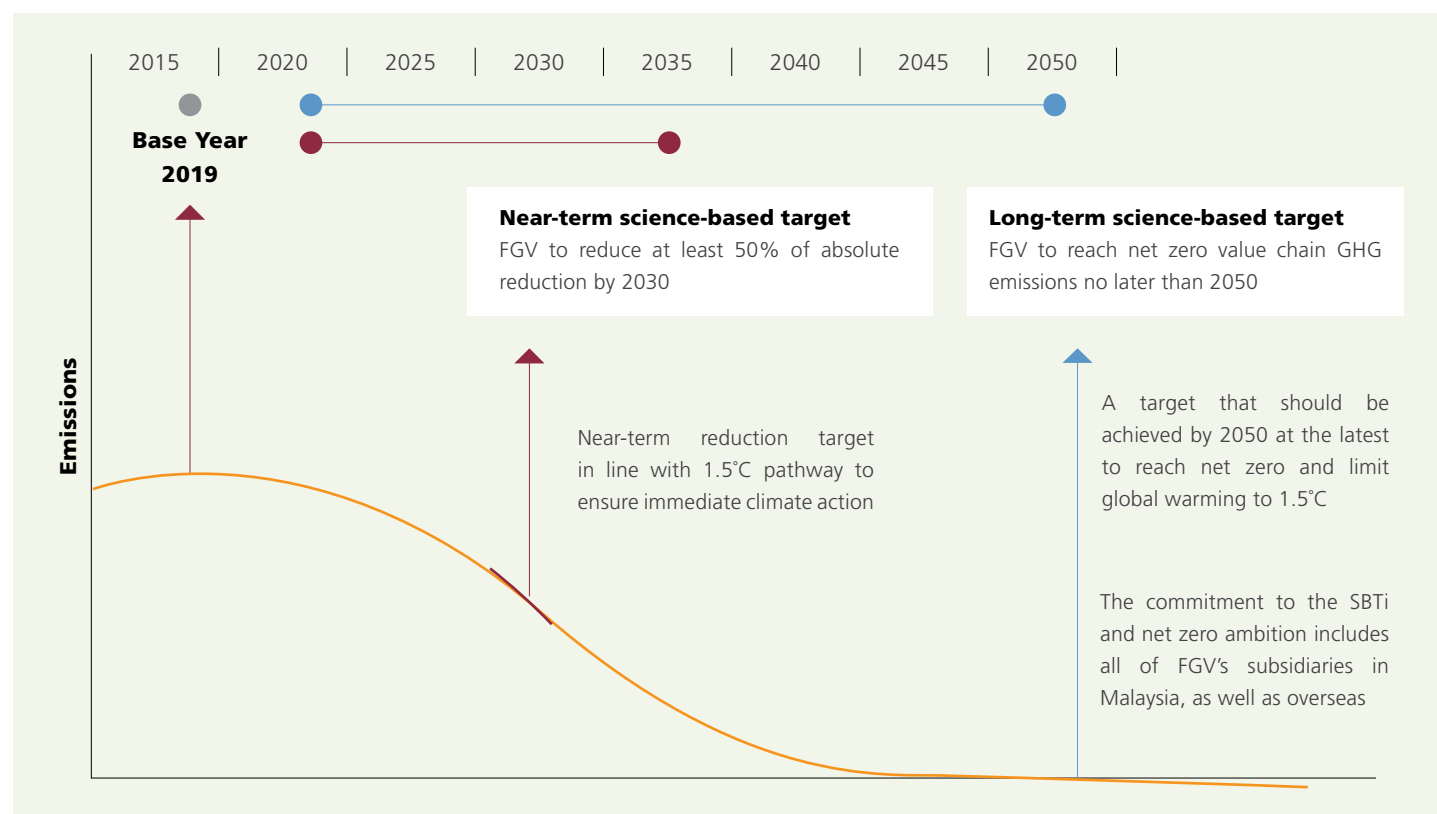
Climate Governance	Carbon Management	Waste Management
Water Management	Operational Efficiency	Climate Awareness

Additionally, to enhance the efficacy of the Climate Action Plan, a dedicated Climate Action Unit was established to oversee our sustainability strategy and the implementation of climate action initiatives at the operational level.

FGV's carbon management plan centres on creating a greenhouse gas (GHG) emission inventory and establishing reduction targets. This process begins with the identification of emission sources within each business unit, gathering input and output data and calculating GHG emissions based on the 2006 Intergovernmental Panel on Climate Change (IPCC) Guideline and the GHG Protocol Corporate Accounting and Reporting Standard.

As a measure to mitigate emissions, FGV harnesses methane gas from 28 wastewater treatment plants, effectively curbing its GHG emissions. The monitoring of emissions avoidance from biogas operations utilising captured methane underscores FGV's commitment to sustainable practices.

FGV's climate action programmes cover our own operations and all players in our supply chain. FGV will actively engage with smallholders and our suppliers to promote our climate action initiative to attain net-zero emissions throughout our value chain by 2050 at the latest.



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Science-Based Targets initiative (SBTi)

Recognising the adverse impacts and risks climate change poses to the plantation business, we remain committed to the SBTi to enhance our climate action. Additionally, the SBTi extends to our supply chain partners, ensuring the adoption of fair labour practices and the respectful and ethical treatment of workers.

In a global initiative spearheaded by the SBTi, in collaboration with the United Nations Global Compact (UNGC) and the We Mean Business coalition, our commitment places us among 1,748 companies committed to the Business Ambition 1.5°C by 2050. This collective effort demonstrates our efforts to address climate challenges on a global scale. Moreover, through SBTi, we can:

Establish and advocate best practices to achieve emission reductions and net zero targets according to climate science

1

Offer technical support and resources to companies with SBTi targets

2

Assemble a team of experts to deliver independent assessments and validation of targets for participating companies. As part of our commitment to SBTi, we have developed short- and long-term reduction objectives, subject to validation by the SBTi. With 2019 as our baseline year, FGV aims to cut 50% of its carbon emissions by 2030.

3

The exercise has been particularly challenging considering the complexity of our supply chain that includes multiple players such as FFB traders, smallholders and private estates. Furthermore, FGV sources more than 70% of its FFB from external sources that include more than 120,000 smallholders.

To ensure the integrity of GHG calculations and accessibility to the latest science-based emission factors, FGV has appointed a third-party consultant, South Pole (SG) Pte Ltd, to support the company's efforts on these initiatives. Our Net zero initiative covers Forest, Land and Agriculture (FLAG) and non-FLAG related activities.

Climate Awareness Programmes

Annual Earth Hour

FGV participated in the annual Earth Hour movement, spearheaded by the World Wildlife Fund (WWF) alongside other tenants of Wisma FGV, including the Construction Industry Development Board (CIDB), Maybank Berhad, Jabatan Perangkaan Malaysia, Jabatan Penerangan Malaysia and Monier Malaysia Sdn Bhd. This global initiative occurs annually from 8:30pm to 9:30pm during which participants turn off their lights for an hour to raise awareness about climate change. In 2022, the Earth Hour took place on 26 March under the theme 'Shape Our Future', and in 2023, it was held on 25 March with the theme 'The Biggest Hours for Earth'.

Webinar series

The Climate Action Unit at FGV has organised a series of webinars for staff members. The inaugural webinar, 'Climate Change: What's Happening and Why Should We Care?' held on 26 March 2022, coincided with Earth Hour. It aimed to provide insights into climate change fundamentals and its potential impacts, attracting 147 participants. The second webinar, 'Realising Zero: Transitioning to a Zero-Waste Operation,' took place on 21 June 2022, focusing on promoting zero-waste practices within FGV and among Malaysian sustainability practitioners, with 265 participants. The third webinar, 'Solid Waste Management: Relevance to Environmental Sustainability,' held on 18 October 2023, coincided with national Environment Day. It aimed to raise awareness and encourage sustainable behaviour among staff and the public, engaging 160 participants.



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Climate Awareness Programmes

#ShowYourStripes Campaign

In June 2022, FGV participated in the #ShowYourStripes Campaign, which aimed to raise awareness about climate change and the increasing global temperatures. The iconic warming stripes, created by climate scientist Ed Hawkins, illustrate the long-term rise in global temperature attributed to human activities. In 2022, each of our business units actively engaged in the campaign, demonstrating our commitment and support for mitigating global warming.



Awareness remains a key focus in FGV's climate action efforts.



Sustainability Week was organised to encourage employees adopt sustainable practices.

FGV Sustainability Week

FGV hosted a Sustainability Week themed 'Empowering Sustainable Lifestyles' from 24 to 26 October 2023 at Wisma FGV. The main objectives of the Sustainability Week were to enhance awareness among FGV staff regarding sustainability-related issues and to encourage behavioural change towards more sustainable choices in their daily routines. The week-long programme encompassed diverse activities, including an opening ceremony, informative talks and knowledge-sharing sessions, interactive workshops, exhibition booths, a recycling drive, the Bring Your Own Tumbler and Container Initiative and the implementation of a zero-plastics policy for food and beverage vendors. The event attracted a total of 615 participants across its various activities, fostering a culture of sustainability within FGV.

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CASE STUDY

Energy Audit Conditional Grant (EACG)

Delima Oil Products, FGV Kernel Plants and MSM is adopting EACG to evaluate and take steps to improve energy efficiency as part of its ongoing improvement to promote sustainable energy management. This is to encourage an energy audit exercise to determine the current baseline of energy consumption and identify potential energy savings in selected facilities.

Energy Management GOLD Standard (EMGS)

FGV Kernel Plants has been accredited with the Energy Management GOLD Standard (EMGS), making it the first Agri Business in Asia to be certified 1 Star EMGS, with the company aiming for 2 Star EMGS certification by YR 2024. This energy management certification will expand to many relevant business divisions.

Resource Efficiency and Industrial Symbiosis Opportunity Assessment (REISO)

FGV is collaborating with SIRIM to assess, identify, and present opportunities for cost optimisation and environmental impact reduction through resource minimisation and by-product reutilisation. This initiative will enable the business units to increase manufacturing efficiency, productivity and cost savings.

GOING FORWARD

As climate change requires collective action, we remain committed to intensifying our efforts. We strive to mitigate the effects of climate change and contribute to a sustainable future by developing plans to build climate resilience and alleviate the long-term effects of temperature changes and climate patterns. We will continue to take measures and collaborate with stakeholders to halve our GHG emissions by 2030, in line with our aspiration to become a net-zero emission business by 2050. We will also increase efforts to enhance awareness among stakeholders about climate change and encourage sustainable practices.



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WASTE MANAGEMENT

WHY IT IS IMPORTANT




FGV recognises effective waste management as more than just a corporate obligation. We see it as a crucial step in combating climate change and moving towards a circular economy. Improper waste disposal not only releases harmful greenhouse gases but also disrupts ecosystems, increasing global climate-related risks.

Our commitment to responsible waste practices and circularity principles reflects our corporate responsibility in tackling climate action. This enables us to contribute to a sustainable business model.

By prioritising proper waste disposal and embracing circularity, we actively support global initiatives aimed at building a climate-resilient future and aligning with international sustainability goals. Through reducing, reusing and recycling materials, we minimise our carbon footprint, promote resource efficiency and strive to safeguard natural ecosystems.

Our goal is to achieve zero-waste operations across all subsidiaries, integrating circular waste management to mitigate the impacts of climate change and work towards a sustainable future for all.

CONTRIBUTION TO THE UN SDGS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SDG target	How we support the SDG
	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.	FGV through its subsidiaries is committed to adhering to and complying with local standards and regulations regarding the discharge or removal of waste and/or effluents from sites.
	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.	
	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	FGV's subsidiaries have implemented 3R practices where any valuable and recyclable waste is sent for recycling. Moreover, agricultural waste coming from mill byproducts are either re-utilised for land purposes or for boiler fuel.

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12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SDG target	How we support the SDG
	By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	FGV has conducted its first Sustainability Week to raise awareness about sustainable practices that can be implemented in daily life among FGV staff. Additionally, FGV has hosted several webinars related to waste management to share insights on best practices for industries.
13 CLIMATE ACTION	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	
13 CLIMATE ACTION	Integrate climate change measures into national policies, strategies and planning	

OUR APPROACH

FGV stands firm in upholding its zero environmental impact operations commitment by looking for efficient and sustainable waste management solutions. Our commitment is demonstrated by the launch of our Waste Circularity initiative which serves as a foundational step, to gain insight into our current waste management practices within our operations. As part of our Climate Action Plan, this initiative aims to assess existing environmental impacts and identify obstacles to circularity adoption.

Concurrently, we remain relentless in our efforts to formulate strategies for implementing circularity in every business unit. We employ various waste management approaches, including converting biomass from processing of palm oil milling into invaluable resources such as biogas, organic fertilisers and biofuel. These waste management approaches vary, but they share one thing in common - they are sustainable.



We are mindful of the impacts of our activities and the harm they cause to humans and the environment.

PROTECTING THE ENVIRONMENT

PROGRESS AND ACHIEVEMENTS

Plantation upstream

a. Estates

Circular Waste Management

- Most FGV estates implement reuse, recycle and recovery (3R) to contribute to responsible and sustainable practices of reducing waste generation.
- We segregate recyclable wastes including plastic bottles, papers, glass, aluminium, outer liner fertiliser packaging bags, triple rinsed pest containers, and sell them to recycling collectors to divert wastes from landfills. A portion of the waste is reused for various purposes.
- Organic materials like empty fruit bunches, palm fronds, palm trunks, decanter cake are recycled as part of our waste circular initiative and spread over estate land as mulch to enhance the soil quality.

b. Mills

Transformative By-Product Project

- In a groundbreaking stride towards sustainability, FGV's Renewable Energy Division has initiated a transformative project to harness the potential of palm oil milling by-products. This initiative aims to reduce waste and maximise resource utilisation leveraging Palm Oil Mill Effluent (POME), Sludge Palm Oil (SPO), Shredded Empty Fruit Bunch (SEFB), Palm Kernel Shell (PKS), Bunch Ash, Decanter Cake, and Organic Humus or Black Soil. Through the initiative, the following waste by-products are converted into valuable resources, championing sustainable practices:

By-product	Value-added products	Outcomes
Palm Oil Mill Effluent (POME)	Biogas and organic fertiliser	Subjected to advanced treatment processes, POME transforms into valuable resources, mitigating environmental impact and generating renewable energy, while contributing significantly to carbon footprint reduction.
Sludge Palm Oil (SPO)	Sustainable Aviation Fuel (SAF)	SPO, ingeniously converted into Sustainable Aviation Fuel (SAF), significantly reduces greenhouse gas emissions in aviation fuels, aligning with the industry's goal of carbon neutrality.
Shredded Empty Fruit Bunch (SEFB)	Mulch, compost	SEFB, a natural mulch can be converted into compost, enhances soil fertility and moisture retention, and is also used in biomass pellets and organic fertilisers for sustainable agricultural practices and clean energy.
Palm Kernel Shell (PKS)	Clean and renewable energy source	PKS diversifies our energy portfolio and diminishes dependence on conventional sources.
Bunch Ash	Organic soil conditioner and fertiliser	Bunch Ash enhances soil fertility, reducing reliance on chemical fertilisers and championing sustainable agriculture.
Decanter Cake	Organic fertilisers and nutrient-rich animal feed supplements	Decanter Cake promotes sustainable agricultural practices by exploring value-added products which enhances economic viability.
Organic Humus or Black Soil	Organic fertiliser	The incorporation of organic humus or black soil into plantations enhances soil structure and fertility, promoting sustainable crop growth.

- This initiative reflects our commitment to innovation and sustainability in palm oil production, transforming waste into valuable resources and establishing a circular economy model to minimise environmental impact and foster a resilient industry.
- Through this initiative, we can reduce our ecological footprint, foster a culture of innovation and sustainability throughout the organisation, and pioneer responsible palm oil production and environmental stewardship.

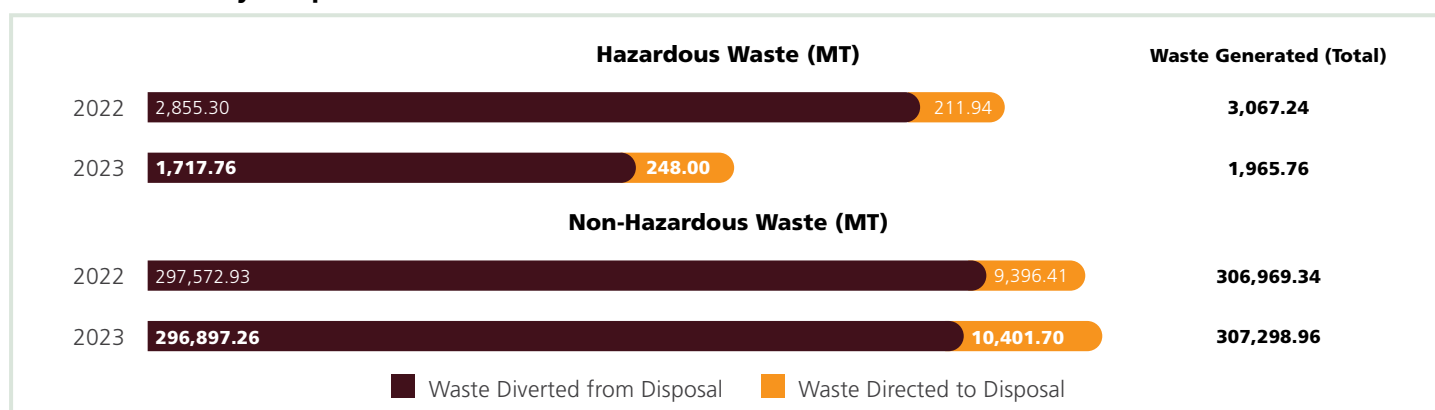
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Plantation - upstream	Sugar sector
<p>c. Research and Development Centre</p> <p>KITAREcycle programme</p> <ul style="list-style-type: none"> At the FGV Innovation Centre, we are committed to implementing proper recycling practices to reduce waste and minimise environmental impact by segregating items such as plastics, paper, cartridges, glass, and steel according to categories. FGV has engaged SWM Environment Sdn Bhd for once-a-month waste collection, as part of its KITAREcycle programme, which provides redeemable points through a mobile application. 	<ul style="list-style-type: none"> In 2022 and 2023, MSM has been instrumental in waste management initiatives, aimed at providing communities with a sustainable future. The mission includes revolutionising waste management practices through research on innovative technologies and global best practices, collaborating with environmental experts and promoting a circular economy. Initiatives like the recycling of paper cores are carried out in collaboration with local businesses like E-Idaman and are intended to promote landfill diversion. MSM has supported the initiative by conducting waste segregation workshops and public awareness campaigns. MSM is committed to recycling by sending scrap packaging materials for recycling. Mudcake, a by-product of sugar refinement, is sent to third parties for use as an alternative raw materials in fertiliser and cement production, diverting waste from landfills.
Plantation - downstream	Logistic and support businesses (LSB) sector
<p>Economically viable waste management</p> <ul style="list-style-type: none"> At downstream processes, wastes that are commonly generated are by-products such as sludge oil, scum and spent bleaching earth. These by-products are not simply disposed of but recovered by selling them to third parties for further extraction. Additionally, scrap metal generated from any maintenance or refurbishment activities is sold to third parties through the bidding and tendering processes. 	<ul style="list-style-type: none"> In the LSB sector, an initiative to divert waste from disposal by Depot at FGV Transport Services involves collecting used tyres and selling them to collectors, who subsequently send the tyres to recycling factories. Most business units in the sector ensure that scrap metal generated at their facilities is collected and sold for recycling.

WASTE

During the year under review, FGV generated as estimated a total of 309,264.72 metric tonnes (MT) of hazardous and non-hazardous wastes in 2023. Due to its extensive footprint, FGV's current waste data is not comprehensive. Moving forward, FGV is taking steps to ensure that our data collection process is robust and comprehensive.

Waste Generated by Composition



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Sectors	Plantation (Tonnes)			Logistics (Tonnes)			Sugar (Tonnes)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Hazardous Waste									
Reused	0.30	3.82	11.51			0.08			0.00
Recycled	11.43	16.22	0.23			0.17			0.00
Recovered	509.91	1,680.91	616.96			48.41			277.61
Incinerated	46.35	144.68	65.02			0.42			133.00
Physical/Chemical Treatment	3.08	3.83	4.04			0.00			0.61
Solidification	2.72	1.02	0.70			0.00			0.28
Secure Landfill	937.47	62.42	43.93			0.00			0.00
Off-site Storage	29.78	62.22	63.73						
Co-Processing	-	1,092.12	699.06			0.00			0.00
Total (MT)	1,541.04	3,067.24	1,505.18	0.00	0.00	49.08	0.00	0.00	411.50
Non-Hazardous									
Reused	208,175.98	217,106.56	216,234.49	0.00	0.00	0.00	0.00	0.00	0.00
Recycled	4,736.60	4,252.68	6,565.66	0.00	0.00	0.00	408.66	371.65	537.00
Recovered	60,818.72	56,470.46	51,299.50	121.81	114.07	179.40	6,554.62	19,257.51	22,081.22
Landfill	7,602.06	7,997.59	9,017.52	446.39	514.85	574.92	655.29	883.97	809.26
Total (MT)	281,333.36	285,827.29	283,117.17	568.20	628.92	754.32	7,618.57	20,513.13	23,427.48

NEW INITIATIVES

In alignment with our commitment to sustainability and environmental stewardship, FGV has undertaken several groundbreaking initiatives aimed at revolutionising waste management practices. Through collaboration and a steadfast dedication to driving positive change, we are proud to present our latest initiatives in waste management, detailed below.

Zero Waste Communities

Recognising the urgent need to reduce waste at its source, FGV has initiated programmes to facilitate the establishment of zero waste communities. By partnering with governmental agencies, environmental advocates, and non-governmental organisations such as Zero Waste Malaysia, EcoKnights, The Unusual Greens, Kloth Circularity, Alam Flora Environmental Solutions, Zero Waste Earth Store, Eats, Shoots and Roots, among others, we are promoting waste reduction strategies that prioritise source reduction, reuse, and recycling. These efforts encompass educational talks, workshops, campaigns, exhibitions, recycling and art activities.

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Buy-back Programmes

In pursuit of a circular economy, we have collaborated with Alam Flora Environmental Solutions (AFES) to promote recycling at our Headquarters. Through this collaboration, we managed to gather approximately 1.2 metric tonnes of recyclable waste during a three-day event. The collected recyclables comprised various materials, with black and white paper constituting the majority at 42.6% of the total collection. Additionally, mixed paper accounted for 21.1%, followed by old corrugated cardboards (15.7%), used cooking oil (8.37%), old newspapers (4.73%), and mixed plastics (1.39%). The diverse range of materials collected and the significant quantity amassed during the event underscore FGV's commitment to responsible resource management and sustainable practices. These endeavours represent a substantial stride toward waste reduction, resource conservation, and the promotion of recycling culture within the organisation.

BYOC Concept

Introducing the Bring-Your-Own-Container (BYOC) concept to our sustainability event, we collaborated with OPACK, Gloria Jean's Coffees, and Abi Cafe to encourage Headquarters staff to diminish their dependence on disposable food containers by adopting reusable alternatives. Through OPACK's rent-and-return foodware service, we successfully collected approximately 277 rented foodware items, equivalent to diverting 6.87 kilogrammes of plastic waste from landfills. The overwhelmingly positive feedback from both staff and vendors affirmed the success and impact of this initiative, underscoring its potential for further adoption and expansion in our sustainability endeavours.

These innovative initiatives signify a significant leap forward in our journey towards a more sustainable future. Through innovation, collaboration, and an unwavering commitment to environmental responsibility, we are reshaping waste management practices and effecting positive change across all levels within FGV. As we continue to push the boundaries of possibility, we remain steadfast in our dedication to fostering an organisation where waste is minimised, resources are conserved, and communities thrive in harmony with the planet.



FGV collaborated in various programmes to promote sustainability and foster positive change among people.

GOING FORWARD

FGV is committed to building upon the momentum of our recent sustainability initiatives to drive even greater impact and positive change. We will continue to prioritise collaboration, innovation, and environmental responsibility in all aspects of our operations. By further expanding our efforts to promote waste reduction, resource conservation, and recycling culture, we aim to create a more sustainable and resilient organisation. Through ongoing partnerships, education, and the adoption of cutting-edge technologies, we will strive to achieve our vision of a future where waste is minimised, resources are conserved, and communities flourish in harmony with the planet. Together, we can continue to lead the way towards a more sustainable future for generations to come.


PROTECTING THE ENVIRONMENT

ENERGY MANAGEMENT

WHY IT IS IMPORTANT

Effective energy management plays a pivotal role in our organisation's contribution to the transition towards a low carbon economy. By optimising energy consumption and embracing renewable energy sources, we not only lower operational costs but also reduce our carbon footprint. Our commitment to energy efficiency and sustainability not only enhances our environmental stewardship but also positions us as a proactive participant in the global effort to combat climate change. Through strategic energy management initiatives, we are actively supporting the principles of a low carbon economy, responsible business practices, regulatory compliance, and long-term viability in an increasingly energy-conscious world.

CONTRIBUTION TO THE UN SDGS

7 AFFORDABLE AND CLEAN ENERGY	SDG target	How we support the SDG
	Increase Global Percentage of Renewable Energy	FGV generates clean, renewable energy for internal consumption, sale to the grid as well as to support the communities in its operational areas.
	Double the Improvements in Energy Efficiency.	During the year under review, our focus remained on fostering responsible resource management initiatives. We prioritised implementing energy management certification by adhering to best practices, effectively managing energy consumption, and minimising waste generation. These efforts align with our commitment to enhancing global energy efficiency. (related to EMGS)
	Promote Access to Research, Technology and Investments in Clean Energy.	We also implemented energy efficient measures to reduce energy consumption and improve our energy usage. (related to REISO and energy audit conditional grant.)

OUR APPROACH

Our utilisation of biomass from operations to generate renewable energy not only aids in reducing GHG emissions but also serves as a pivotal element in our waste-to-wealth circular economy strategy. This approach aligns with our sustainability agenda, emphasising a green waste management initiative to generate renewable energy as an alternative to fossil fuels.

In our commitment to embedding sustainability throughout our business, we strive to generate long-term value for people, planet and profit. We support the nation in achieving its Nationally Determined Contributions (NDC) targets by conducting inventories for greenhouse gas (GHG) emissions based on Science Based Target (SBTi) and other accounting standards. We also focus on implementing initiatives and projects to reduce our GHG emissions, ensuring their effectiveness through audits and certification processes.

PROGRESS AND ACHIEVEMENTS

Our Renewable Energy Journey

FGV has developed a dynamic and diverse portfolio of renewable energy (RE) projects, which play a significant role in lowering carbon emissions. Biomass has been our primary power source, due to the remote locations of FGV mills that are far from transmission grids in the interior regions. Additionally, carbon management and waste circularity are inherently integrated into the design of the processing facilities.

Apart from renewable energy projects to power our operations, we also support the communities in the areas where we operate. For instance, FGV generates clean, renewable electricity for communities through the Umas Biogas power plant and IPP Sahabat in Lahad Datu. We provided employment opportunities and extensive training for skilled locals in various roles within the plant,

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including boiler and engine operators, chargemen, engineers, safety officers and plant managers. Over 100 individuals have been employed in these plants, positively impacting the livelihoods of the local communities.

In relation to our initiatives in biogas, Keratong 9 Feed-In-Tariff Biogas Plant has been successfully commissioned and operating since October 2022 until now, producing 2.0 MW of renewable electricity to the National Grid. This initiative is a significant milestone for the Group, adding 12 MW of installed power capacity for FiT and Rural Electrification Projects. In 2023, a total of 28,519,314 MWh of electricity was exported to TNB from eight biogas FiT power plants, both internally and externally.

We are actively advancing our green technology initiatives in line with the government's renewable energy agenda. To further lower our carbon footprint, waste materials from our plantations such as Empty Fruit Bunches (EFB), and Palm Kernel Shells (PKS) are utilised to produce green energy through biomass and biogas. Shredded EFB serves as a solid fuel for operating steam boilers, resulting in substantial cost savings and reduced waste at our mills. Furthermore, it contributes to energy generation, supplying electricity to the national grid, local communities and FGV-owned businesses.

Currently, FGV is in discussions for potential collaborations with local manufacturers to supply EFB or shredded EFB as raw materials for producing EFB pellets. This alternative renewable energy solution transforms agricultural waste into sustainable energy, reducing coal consumption as well as carbon dioxide and methane emissions. In 2023, a total of 28,519,314 kWh of renewable energy was generated, contributing to the avoidance of 21,617.6 MT CO₂e emissions across 28 biogas power plants.

Enhancing Operational Efficiency

We also continue to manufacture Fortified Organic Fertiliser (FOF) through the use of compost, resulting in a more valuable and environmentally friendly fertiliser. This innovative approach has the potential to contribute to cost savings in plantation fertilisers and a reduction in carbon emissions. We are currently in the process of evaluating the commercial viability of FOF.

We generate electricity internally using the Steam Turbine Generator at MSM refineries, aiming to decrease dependence on TNB for electricity supply. Concurrently, we are actively exploring strategies to lower our electricity consumption.

Our objectives involve increasing awareness, cutting costs within our business, lowering carbon emissions and portraying an environmentally conscious image to the public and our stakeholders. To achieve these goals, we have identified potential initiatives that fall within the medium to high investment range. However, these initiatives require the adoption of additional energy efficiency measures.

At FGV, we strive to optimise our energy management to reduce costs and lower our carbon footprint. To this end, we collaborate with government agencies, such as the Malaysian Green Technology and Climate Change Centre (MGTC), to explore and implement initiatives across various business operations.

NEW INITIATIVES

We are actively implementing measures to decrease our energy consumption and improve energy efficiency. This includes utilising self-generated biomass to power our mills, redirecting exhaust steam to enhance the heating process in our Sugar business and replacing conventional lighting with energy-efficient LED lights in our consumer products business. Furthermore, we are focused on enhancing operational efficiency through:

Optimising routes and schedules for FGV trucks to reduce mileage and lower carbon emissions from fewer and shorter trips

1

Employing the Controller Area Network (CAN bus) in every fleet vehicle to monitor and control emissions and fuel consumption. This includes features such as automatic engine shutdown after 10 minutes of inactivity

2

Reducing fuel consumption by utilising the eDO and Smart Fuel card to streamline processes for order pickups and refuelling. The eDO, a mobile application, keeps truck drivers updated on delivery orders, while the Smart Fuel card enables refuelling at all petrol stations

3

Minimising carbon dioxide emissions by investing in trucks with Euro 5 emission standards. Currently, over 90% of FGV's fleet vehicles including tankers and cargo vehicles, comply with Euro 5 standards. It is recommended that fleet vehicles be replaced after a decade of operation.

4

In addition, we continue to reduce our usage of natural resources, improve operational efficiency and promote sustainable energy management within our operations. Our energy management system ensures that energy is being used efficiently, meeting our goals and continuously improving energy consumption and performance. The following are initiatives we implemented during the year to reduce costs and improve energy efficiency:



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Energy Audit Conditional Grant (EACG)

We are pleased to showcase DOPSB, FGV KP and MSM as our strategic utilisation of energy audit conditional grants, which have enabled us to conduct thorough energy audits across our selected facilities. These initiatives made possible through financial support, have empowered us to identify and implement targeted energy-saving measures. By leveraging on these grants, we not only bolster our sustainability efforts but also demonstrate our commitment to responsible resource management.

Sustainable Energy Management Standard (SEMS)

Additionally, we aim to establish Sustainable Energy Management Systems (SEMS) by 2024, with the goal of achieving the Energy Management Standard Gold Standard 1-Star rating conferred by the ASEAN Energy Management Scheme (AEMAS). This standard goes beyond simple compliance, indicating an unwavering commitment to optimising energy usage, reducing environmental impact and achieving economic benefits all at the same time. FGVKP-Pasir Gudang plant has been successfully certified with one (1) star of the EMGS and with the aim of achieving two-star certification in 2024. We also plan to apply these energy management standard to the other facilities across our operations.

Solar Energy

In 2023, solar photovoltaic (PV) systems were installed at MSM Prai and MSM's Sungai Buloh Warehouse, generating an estimated capacity of 2.095 MWp and 0.547 MWp respectively. We are also in the process of installing rooftop solar panels on our existing assets to increase our renewable energy mix, aligning with FGV's Net Zero commitment and the National Energy Transition Roadmap (NETR).

Biomass Initiatives

Since the early 2000s, FGV has been a pioneer in biomass-to-energy projects, including Feed-in-Tariff, biomethane and rural electrification. We have also diversified into fortified organic fertiliser, contributing to the circularity of a sustainable economy. We are currently exploring the potential of lower calorific value (CV) biomasses.

Biomethane Projects

FGV is currently in the process of expanding its biomethane projects at greenfield mills. We are evaluating these projects to ensure their profitability and positive environmental impacts. This proactive approach is established in anticipation of the forthcoming National Climate Change Bill, which will be developed by the Malaysian government.

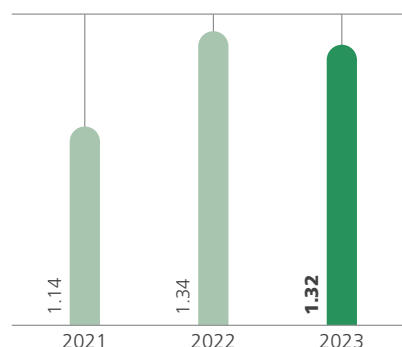
FGV is also continually striving to enhance the efficiency and utilisation of FGV's biomass power generation assets. Currently, we are working with pipeline gas off takers and developers to convert greenfield mills to biomethane.



Resource Efficiency and Industrial Symbiosis Opportunity Assessment (REISO)

FGV is collaborating with SIRIM to assess, identify and present opportunities for cost optimisation and environmental impact reduction through resource minimisation and by-product reutilisation. This initiative will enable our business units to explore potential manufacturing efficiency, productivity, and cost savings that correlate with cleaner production.

Shell Recovery Rate (SRR) (%)



Energy Performance



Total Energy Consumption



2023:

151,019,534 kWh

2022: 149,106,810 kWh

The increase in energy consumption within FGV operations in 2023 can be attributed to the return to regular business operations compared to 2022, when nationwide COVID-19 lockdowns impacted FGV's activities.

GOING FORWARD

FGV will explore collaborations with pipeline gas off-takers and developers to transform greenfield mills into biomethane facilities. At present, FGV is in the process of implementing rooftop solar installations on its existing assets. This initiative aims to expand FGV's renewable energy portfolio, aligning with both FGV's Net Zero commitment and the National Energy Transition Roadmap (NETR).

PROTECTING THE ENVIRONMENT


SOIL, PEST & DISEASE MANAGEMENT

WHY IT IS IMPORTANT

FGV cares about pest and disease management in oil palm plantations that support sustainability. As part of pest and disease management, we practise Integrated Pest Management (IPM) in our operation as an approach to sustainable agriculture that aims to minimise the use of pesticides and prefers to use biological and natural methods to control pest and disease.

In our strategy we use barn owls to control rat infestations and plant beneficial plants to control bagworm outbreaks. Conducting our business with IPM practices is the key to ensuring food and nutrition safety, promoting food quality and safety and facilitating safe trade and economic growth.

CONTRIBUTION TO THE UN SDGS

<div>2</div> <div>ZERO HUNGER</div> <div></div>	SDG target	How we support the SDG
	Sustainable Food Production and Resilient Agricultural Practices	FGV minimise reliance on rodenticides and chemicals listed by the Stockholm or Rotterdam conventions. Instead, it promotes the use of pesticides, herbicides, and fertilisers guided by World Health Organization (WHO) standards.

OUR APPROACH

We are guided by the Manual Operasi Ladang Sawit Lestari (MLSL), which provides comprehensive guidelines, policies and frameworks for addressing soil, pest and disease management. FGV also embraces Integrated Pest Management (IPM) to promote sustainable agricultural practices aimed at reducing pesticide usage, relying on biological and natural solutions for pest and disease control. Within our strategy, we employ barn owls (Tyto alba) to mitigate rat infestations and cultivate beneficial plants to counteract outbreaks of bagworms. Our compliance with IPM principles protects food and nutrition safety, upholds food quality and safety standards and fosters secure trade and economic enhancement.



We control pests and diseases by using eco-friendly solutions.



PROTECTING THE ENVIRONMENT

PROGRESS AND ACHIEVEMENTS

Since 2020, we have introduced barn owls to our estates in Sabah, where they are not native. This has expanded our biological control measures, notably reducing the need for rodenticides and optimising costs. FGV advocates the responsible use of pesticides, herbicides and fertilisers, guided by World Health Organization standards and avoiding chemicals classified in Class 1A or 1B list. We also avoided chemicals listed by the Stockholm or Rotterdam conventions, except under special circumstances. Since 2019, we have completely ceased using Class 1 herbicides.

FGV also adopted a balanced approach in fertilisation, combining organic and inorganic fertilisers to enhance palm growth while maintaining optimal yields. Environmental impact is minimised through scientific assessment using foliar and soil analysis results, taking into account site yield potential and other factors. We also adopted precision farming techniques to reduce manpower, operational time and fuel consumption and developed drone-spraying methods for efficient weed, pest and disease control.

NEW INITIATIVES

In 2023, we continued our Rat Baiting Programme, implementing response baiting initiatives in targeted areas with serious rat infestations to reduce their population and mitigate their impact on crops and property. Additionally, we transitioned our chemical usage for bagworm control at our plantations from class 1 to class 3 chemicals.

GOING FORWARD

FGV remains committed to advancing our efforts in soil, pest and disease management within our plantations. We will continue to adopt sustainable practices, incorporating measures to reduce our environmental footprint while ensuring optimal productivity and crop health.



Sustainability is integrated into every aspect of our operations, including fertilisation.



PROTECTING THE ENVIRONMENT

WATER USE

WHY IT IS IMPORTANT

A large amount of water is required in the palm oil milling process, with much of that water used ending up as Palm Oil Mill Effluent (POME). However, due to poor water management and the destruction of freshwater ecosystems, billions of people worldwide lack access to clean water and sanitation, and water risks for corporations and economies are rising. According to the World Wide Fund for Nature (WWF), by 2050, areas facing high water risk might account for 46% of the world’s Gross Domestic Product, up from 10% today. Water is a fundamental element that underpins the world’s shared future, hence, WWF has urged governments, corporations and financial institutions to invest in protecting and restoring the world’s fresh ecosystems. As a responsible corporate entity, FGV is equally committed to implementing effective water management practices to preserve and conserve water as a shared resource. We are determined to achieve our goal to reduce water consumption, enhance wastewater treatment within our mill operations, and promote sustainable production of palm oil to minimise our environmental footprint.

CONTRIBUTION TO THE UNSDGS

	SDG target	How we support the SDG
	Protect and Restore Ecosystems	FGV monitors its water usage for reduction and manages Palm Oil Mill Effluent (POME) to prevent it from polluting nearby river systems, ensuring compliance with regulations through thorough treatment and regular monitoring.
	Conserve and Restore Terrestrial and Freshwater Ecosystems	

OUR APPROACH

Our commitment to managing water resources responsibly is reflected in our Water Neutrality initiative where we delve into water management practices at our business units. We strive to continuously explore strategies for reducing water usage and enhancing conservation efforts. We have engaged our business units to understand their interactions with water, its related impacts, and the management of such impacts. A crucial aspect of this effort is our ongoing water inventory, which quantifies the amount of water usage and discharge. Currently, 20 business units (BUs) have been engaged and completed the inventory. By maintaining a proper inventory and conducting routine monitoring, we hope to improve our water resource management and wastewater treatment in compliance with environmental regulatory standards.

As an environmental steward, FGV acknowledges the critical importance of river management in fostering sustainability. As of today, we have identified a total of 371 river systems in and around FGV’s estates. To ensure there is no pollution from our

operation, we continuously conduct river water quality monitoring for significant rivers identified in and around our operation area. Moreover, we ensure that all identified rivers have sufficient buffer zones in accordance with Department of Irrigation and Drainage (DID) guidelines and are effectively managed.

As Palm Oil Mill Effluent (POME) has the potential to become a significant pollutant for nearby river systems, we are steadfastly committed to always ensuring proper management of our POME. We thoroughly treat POME before its discharge into water bodies. The effluent discharged undergoes stringent monitoring to ensure compliance with Department of Environment (DOE) regulations pertaining to water quality indicators. For instance, the Biological Oxygen Demand (BOD), a crucial indicator of water quality, must remain below the permissible level. We spare no effort in adhering to regulatory parameters across all our operations. To this end, we conduct daily, weekly, and monthly effluent performance monitoring, which includes laboratory analyses and inspections of the physical condition of our POME treatment systems.



PROTECTING THE ENVIRONMENT

PROGRESS AND ACHIEVEMENTS

Plantation - upstream

FGV palm oil mills use raw water supplies that are drawn from nearby rivers for their operations. In 2023, we emphasised optimisation of water usage at the top 10 high consumption mills. To mitigate water usage, we closely monitor daily, monthly, and yearly consumption, benchmarking against a water to fresh fruit bunches (FFB) processed ratio of less than 1.20 metric tonnes. Our mills implement rigorous water processing controls, monitoring oil contamination in our effluent treatment system. We conduct pond desludging activities and daily monitoring of the effluent treatment system's performance to ensure optimal functionality. In addition, we consistently enhance the existing system, incorporating features such as aeration ponds, polishing plants, and membrane bioreactors. We prioritise Standard Operating Procedure (SOP) due diligence in recovery actions and maintain positive relationships with regulatory authorities.

Plantation - downstream

Delima Oil Palm Products (DOPSB)

We get water supplies from the local water authority and over 50% of the supplies are dedicated to steam generation crucial for DOPSB plant operations. Water consumption primarily serves three purposes: boiler operations for steam generation, the cooling tower for processing fats (margarine), and general use (toilets and cleaning). To ensure continuity, DOPSB maintains a backup water tank capable of meeting its needs for up to two days. Additionally, a rainwater harvesting system supports daily water consumption. Our wastewater discharge adheres to the Department of Environment (DOE) requirements, with proper treatment ensuring compliance with Standard B. Since the discharged wastewater is not used as a drinking water source, it is channelled into the sea.

FGV Kernel Products (FGVKP)

Water for FGV Kernel Products operations is supplied by a third party and primarily used for cooling processes, including sprinkling on the finished product, palm kernel expeller, and general cleaning. Throughout the manufacturing process, water plays a key role in cooling and steam production for the deodoriser and fractionation plants. The used water is discharged into the environment as it does not contain hazardous substances harmful to living things.

Sugar Sector

MSM Johor

MSM Johor exclusively gets water supplies from the Syarikat Air Johor (SAJ) pipeline for both the processing plant and boiler. The fire hydrant tank is also supplied by the SAJ pipeline but with a separate metre. All wastewater generated from the operational plant and boiler is directed to the Industrial Effluent Treatment System (IETS), capable of treating 240m³ of wastewater per day. The treated wastewater is then discharged directly into the monsoon drain, adhering to Standard A of the Industrial Effluent Regulation 2009. A third-party laboratory is engaged to collect and analyse wastewater on a weekly basis, with results reported online through the Online Environmental Reporting (OER) system on the Department of Environment (DOE) website. Additionally, MSM Johor conducts daily monitoring and duplicate sampling. Any identified non-compliances prompt immediate on-site rectification by the Environmental Officer (EO).

MSM Prai Berhad

MSM Prai Berhad utilises water from Perbadanan Bekalan Air Pulau Pinang (PBA) for office, canteen, and factory operations, including both the boiler and production facilities. The majority of water consumption is attributed to factory operations. Throughout MSM's daily operations, the quantity of water consumed and discharged is consistently measured and monitored, reflecting our commitment to responsible water management.

PROTECTING THE ENVIRONMENT

Logistic and Support Business Sector

FGV Johore Bulkiers

- FGV Johore Bulkiers gets its water supply from the state water supply Syarikat Air Johor (SAJ) for use in both the office and operational areas. Water used in operational areas is directed to a wastewater treatment plant for treatment before discharge. The final discharged effluent undergoes monitoring for compliance with EQ (Effluent Regulation 2009)-Standard B, and subsequently supplied to a Reverse Osmosis (RO) treatment system to produce RO water, which is channeled to the boiler water feed tank for boiler operations. The wastewater from the RO plant is directed to the water recycling tank for daily cleaning activities.



Our water management includes treating wastewater for general use.

FGV Transport Services

- Water supplied to FGV Transport Services (FGVTS) in locations such as Kuantan, Pasir Gudang, Port Klang, Sahabat, and Shah Alam Depot is provided by the government through appointed companies, including Pengurusan Air Selangor Sdn Bhd (Air Selangor). The bulk of the water supply is used for washing trucks and trailers, as well as cleaning workshop floors and engine parts. Less than 20% of the water is used for drinking, toilets, and general purposes. Wastewater discharged from truck wash is filtered through oil traps before being released to the main drain, adhering to safety, health, and environmental regulations, including water sampling for monitoring purposes.

- FGVTS collaborates with government authorities, agencies, and consultants to evaluate wastewater. Currently, FGVTS is working with Universiti Malaysia Pahang Al-Sultan Abdullah (UMPSA) to improve its oil trap wastewater treatment system using specific treatment products to ensure compliance with the Environmental Quality Act 1974. Rainwater harvesting at Pasir Gudang and Sahabat Depot is a water conservation initiative aimed at reducing reliance on outsourced for truck washing.

FELDA Travel

- Hotel Seri Costa uses water from the state water supplier for domestic purposes such as rooms, kitchens, Straits Cafe, halls, public areas outside the building, offices, and toilets. Water discharged from the hotel is directed to the municipal pipeline for further treatment by municipal authorities.

PROTECTING THE ENVIRONMENT

Total Volume of Water Consumed, Discharged and Recycled

Sectors	Volume of Water Consumed, Discharged and Recycled		
	Total Volume (m3)		
	2021	2022	2023
Water Consumption	21,363,942.22	23,749,355.10	22,128,695.60
Water Discharged	9,101,972.39	9,785,919.00	8,664,947.90
Water Recycled	619,348.95	862,245.00	654,674.00

NEW INITIATIVES

At FGV, we are committed to enhancing our sustainability efforts, particularly in the area of water management. To address this, we have introduced a new initiative called Water Neutrality, aimed at optimising our water usage and minimising our environmental impact. Through the establishment of water inventories for all our operations, we are quantifying water consumption and discharged water to conduct baseline assessments and water mapping, allowing us to strategise efforts to reduce our overall water consumption. Additionally, we are actively exploring opportunities for rainwater harvesting and wastewater recycling to further augment our water conservation efforts. By prioritising water stewardship and implementing these innovative initiatives, we are not only reducing our environmental footprint but also ensuring the responsible and sustainable management of this vital resource for future generations.

GOING FORWARD

FGV remains dedicated to advancing its sustainability agenda, particularly concerning water management. We are committed to furthering our efforts in this area by implementing innovative strategies aimed at optimising water usage and reducing our environmental footprint. Through initiatives such as Water Neutrality, we will continue to assess and quantify water consumption across our operations, enabling us to develop targeted approaches for conservation. Moreover, we will actively explore opportunities for rainwater harvesting and wastewater recycling to enhance our water conservation practices. By prioritising water stewardship and embracing innovative solutions, we are poised to make significant progress towards sustainable water management, ensuring the responsible utilisation of this vital resource for future generations.

PROTECTING THE ENVIRONMENT


BIODIVERSITY & LAND MANAGEMENT

WHY IT IS IMPORTANT

Biodiversity is central to FGV's operations. We are committed to avoiding development in High Conservation Value (HCV) areas, environmentally sensitive regions like primary forests and peatlands, and habitats of endangered species. Our focus is on conserving biodiversity, particularly near natural forest reserves that are home to endangered species. We undertake conservation initiatives to minimise our impact and preserve these areas.

FGV continues to persist in its conservation efforts to protect the natural ecosystem in Malaysia and Indonesia, countries that are rich in biodiversity. We strive to mitigate human-wildlife conflicts, manage HCV zones and implement wildlife conservation programmes. No new development will take place in HCV areas, natural forest reserves and natural ecosystems.

CONTRIBUTION TO THE UN SDGS

	SDG target	How we support the SDG
	By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	Efficient use of natural resources
	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	Improve and enhance efficiency in the existing land bank by implementing Good Agricultural Practices (GAP) and Good Manufacturing Practices (GMP)
	Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	No deforestation or development on areas with Primary Forest, HCS/HCV area and natural ecosystem
	Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both the demand and supply on illegal wildlife products	Tree planting programme and establishing a wildlife corridor by planting fast growing indigenous or native tree species and wild fruit trees
		Prohibition of any illegal hunting of wildlife in the plantations, except where special privileges for local communities are granted by the authorities

PROTECTING THE ENVIRONMENT

OUR APPROACH

We remain committed to upholding our No Deforestation, No Peat and No Exploitation (NDPE) Policy, ensuring the protection of High Carbon Stock (HCS) areas across our supply chain, including our operational sites in Malaysia and abroad. Our policy encompasses the following principles:

- ✓ Efficient use of natural resources
- ✓ Managing environmental impacts
- ✓ No deforestation and planting on peat areas
- ✓ Protecting HBV and HCV areas
- ✓ Limitations on the use of hazardous chemicals and agrochemicals
- ✓ No open burning or use of fire
- ✓ Water management
- ✓ Waste management
- ✓ Addressing climate change

Moreover, we enforce environmental protection measures for our suppliers, mandating compliance with our NDPE policy. Additionally, we invest in awareness and educational initiatives, conducted in partnership with government agencies and NGOs. We actively participate in various conservation projects. Encounters with wildlife in or near our operating areas are not uncommon. In such instances, we collaborate with local wildlife authorities to rescue, rehabilitate and facilitate the safe return of these animals to their natural habitats, ensuring their well-being is preserved.

Our approach to biodiversity and land management is guided by the Group Sustainability Policy (GSP), our Sustainability Framework and RSPO and MSPO certification systems. These certifications are essential to mitigating organisational risks, including regulatory, operational and reputational risks.

PROGRESS AND ACHIEVEMENTS

Over the years, we have implemented efforts to conserve and protect various wildlife such as the Pygmy Elephants in Sabah and our Sun Bear Conservation Programme in Peninsular Malaysia.



Sun Bear Conservation Programme (SBCP)

The SBCP focuses on safeguarding the ecosystems and habitats of endangered, rare and threatened species. Our five-year SBCP began in 2015 and was the first of its kind in Peninsular Malaysia and has been extended for an additional three years starting from 2020. Under this initiative, FGV prioritised wildlife conservation, through the rescue, rehabilitation and release of injured or displaced Malayan Sun Bears, in collaboration with the Malaysian Nature Society, the Department of Wildlife National Parks Peninsular Malaysia and the National University of Malaysia (UKM). Together, we have developed essential documents such as 'Guidelines in Managing Sun Bear in Captivity', 'Guidelines on Conflict Management for Sun Bear' and 'Malayan Sun Bear Conservation Action Plan', these documents serve as valuable references for various stakeholders. In 2022, we also expanded our programme to include pygmy elephants, gibbons and pangolins, and we are considering the creation of similar guidelines for these species.

Resolving Pygmy Elephant Conflict in Sabah

A multi-faceted approach is crucial to mitigate human-wildlife conflict which has led to the deaths of Pygmy Elephants caused by habitat loss and poaching activities. With an estimated population of 1,000 to 1,500 in Sabah, these incidents indirectly impacted ecotourism and the reputation of the Malaysian palm oil industry. To tackle the issue, FGV collaborated with FELDA, MPOC and the Sabah Wildlife Department to conduct a workshop on human-wildlife conflict in Tawau Sabah in November 2019, discussing solutions to enhance habitat enrichment and improve wildlife conflict management. In 2020, our plantation workers in Sabah successfully rescued four Pygmy Elephants, contributing to the conservation of this endangered species, which is estimated to have only around 2,000 individuals left in the wild.

PROTECTING THE ENVIRONMENT

NEW INITIATIVES

HCV/HBV Areas in and Around FGV Plantations

The locations of our operations in Peninsular Malaysia, Sabah and Sarawak allow us to identify key conservation areas, including crucial flora and fauna. In the 2022/2023 period, our total operational site covered 12,180.61 hectares of HCV areas, with the majority of our plantations located near natural forests, forest reserves and wildlife protection areas. We regularly monitor ongoing activities in HCV and HBV areas to reduce and manage the risks of biodiversity impacts and ecosystems. FGV prohibits any illegal hunting of wildlife within its plantations, except where special privileges for local communities are granted by the authorities.

Country/ State/ Region	Estate	HCV/HBV area within estates (ha)	Biodiversity values	HCV/HBV aspects around FGV estates
Malaysia				
Perak	Tawai 1	101.78	Terrestrial - Presence of hill dipterocarp forest and lowland dipterocarp forest ecosystem. Presence of critically endangered fauna and other endangered and vulnerable fauna	Elephant distribution area and part of the Belum Temenggor Important Bird Area
	Tawai 2	65.76	Terrestrial - Presence of critically endangered fauna and other endangered and vulnerable fauna	Elephant distribution area and part of the Belum Temenggor Important Bird Area
Kelantan	Aring 10	45	Terrestrial - Well-vegetated riparian zone and floodplain	Lebir Reserved Forest
	Aring 11	24.2	Terrestrial - Well-vegetated riparian zone and floodplain	Lebir Reserved Forest
Terengganu	Setiu 01	15.5	Terrestrial - Lowland forest ecosystem	Gunung Tebu Reserved Forest
Pahang	Tembangau 05	0.6	Terrestrial - Management of extreme water flow	Tasik Bera Ramsar site
	Tembangau 05	235	Terrestrial & freshwater. Presence of vulnerable fauna, supports freshwater swamp forest, floodplain connected to Ramsar site	Tasik Bera Ramsar site
Sarawak	Sampadi Complex	45	Terrestrial - Key riparian areas, steep slopes, presence of endangered and vulnerable fauna	Sampadi Forest Reserve and Taman Negara Gunung Ganding

PROTECTING THE ENVIRONMENT

Country/ State/ Region	Estate	HCV/HBV area within estates (ha)	Biodiversity values	HCV/HBV aspects around FGV estates
Malaysia				
Sarawak	Asian Plantation Limited (APL)	4,717.82	Terrestrial & freshwater. Presences of critically endangered, endemic and endangered fauna	None
Sabah	Sahabat Complex	1,905	Terrestrial - Key riparian areas, steep slopes. Freshwater - Important water catchment area and presence of critically endangered, endemic and endangered fauna	Tabin Wildlife Reserve, Sg. Kapar Virgin Forest Reserve and Kuala Maruap Forest Reserve
	Umas Complex	64.6	Terrestrial - Lowland forest ecosystem and presence of endangered species	Coastal Zone Forest Reserve
	Kalabakan Complex	538.7	Terrestrial i. lowland forest ecosystem and mangroves ii. presence of endemic, endangered and vulnerable fauna iii. slopes and erosion control Freshwater i. important source of water ii. aquatic-terrestrial ecosystems	Coastal Zone Forest Reserve
Sabah	Pontian United Plantation (PUP)	911.2	Terrestrial i. lowland forest ecosystem ii. key wildlife corridor for critically endangered, endemic and ERT fauna iii. hills and erosion control Freshwater i. important source of water ii. working river	Kinabatangan Wildlife Sanctuary
	Yapidmas	200.5	Terrestrial - presence of critically endangered, endemic and vulnerable fauna	None
Malaysia Total		9,400.66		

PROTECTING THE ENVIRONMENT

Country/ State/ Region	Estate	HCV/HBV area within estates (ha)	Biodiversity values	HCV/HBV aspects around FGV estates
Indonesia				
Landak, Kalimantan Barat	PT TAA	1,825.6	Terrestrial i. protected forest buffer zone ii. deep peatland areas Freshwater i. wetland ecosystems ii. important source of water	Sebangki Forest Reserve
	PT CNP	954.35	Terrestrial i. presence of endangered and vulnerable Fauna ii. important habitats including riparian areas, deep peatland and steep slopes	None
Indonesia Total		2,779.95		
FGV Group Total		12,180.61		

* Sampadi & Tembangau 05 – there may be changes in the hectareage area due to a recent review of the HCV assessment.

In relation to the impacts of our activities, products and services on biodiversity, FGV strives to mitigate significant direct and indirect biodiversity impacts. In the year under review, FGV Agri Services Sdn Bhd. (FGVAS) introduced 'Weed Solut-ion,' an eco-friendly and cost-efficient weeding solution developed to reduce environmental pollution. Additionally, we practise sustainable agricultural practices such as keeping barn owls to control rat populations and planting beneficial plants within our plantations to improve soil quality. We also continued to monitor biodiversity in project-based estates as per the HCV management plan. In 2023, no new planting or new conversion activities took place in FGV areas. However, we have converted certain areas planted for different uses. For instance, our Tawai operations were converted from a rubber plantation to cash crops. In FGV Tawai 01, we have identified HCV areas near the Belum-Temengor Forest Reserve, utilised as elephant and wildlife corridors.

Through our HCV, EIA and Biodiversity Inventory processes, we have identified several rare and critically endangered species within our concessions and

operational borders. It is imperative that we persist in identifying these crucial habitats while implementing management plans to ensure the survival of these species.

International Union for Conservation of Nature (IUCN) Extinction Risk

No. of species in areas affected by FGV's operations

Critically Endangered	2
Endangered	10
Vulnerable	10
Near Threatened	2
Least Concern	92
Total	117








PROTECTING THE ENVIRONMENT

List of Endangered Species

VU	Long-tailed Parakeet	<i>Psittacula longicauda</i>	Psittacidae (Parrots)	Bayan Nuri
VU	Bornean Slow Loris	<i>Nycticebus menagensis</i>	Loridae	Kongkang
VU	King Cobra	<i>Ophiophagus hannah</i>	Ophiophagus (King Cobra)	Ular Tedung Selar
VU	Javan Myna	<i>Acridotheres javanicus</i>	Sturnidae (Starlings)	Tiong Jambul
VU	Oriental Small-clawed Otter	<i>Aonyx cinereus</i>	Mustelidae (Sea Otter)	Memerang kecil
VU	Malayan Sun bear	<i>Helarctos malayanus</i>	Ursidae (Bears)	Beruang matahari
VU	Borneon sun bear	<i>Helarctos malayanus euryspilus</i>	Ursidae (Bears)	Beruang matahari borneo
VU	Common Barking Deer	<i>Muntiacus muntjak</i>	Cervidae	Kijang
VU	Sabar deer	<i>Rusa unicolor</i>	Cervidae	Rusa sambar/payau
VU	Sus barbatus	<i>Bearded pig</i>	Suidae (Hogs)	Babi Janggut/bodoh
EN	Pig-tailed Macaque	<i>Macaca nemestrina</i>	Cercopithecidae	Beruk
EN	Long-tailed Macaque	<i>Macaca fascicularis</i>	Cercopithecidae	Monyet
EN	Malayan Box Turtle	<i>Cuora amboinensis</i>	Geoemydidae	Kura Katap
EN	Asian Elephant	<i>Elephas maximus</i>	Elephantidae	Gajah Asia
EN	Malayan Tiger	<i>Panthera tigris ssp. jacksoni</i>	Felidae	Harimau Belang
EN	Asian Tapir	<i>Tapirus indicus</i>	Tapiridae	Tapir/Cipan/Tenuk
EN	Siamang	<i>Symphalangus syndactylus</i>	Hylobatidae (Gibbons)	Siamang
EN	Common Gibbon	<i>Hylobates lar</i>	Hylobatidae (Gibbons)	Ungka tangan putih
EN	Borneon Pygmy elephant	<i>Elephas maximus borneensis</i>	Elephantidae	Gajah Borneo
EN	Proboscis monkey	<i>Nasalis larvatus</i>	Cercopithecidae	Monyet belanda
CR	Malayan Pangolin	<i>Manis javanica</i>	Manidae	Tenggiling
CR	Borneon Orang Utan	<i>Pongo pygmaeus</i>	Hominidae	Orang Utan

In our commitment to biodiversity conservation, we implemented these initiatives during the year:

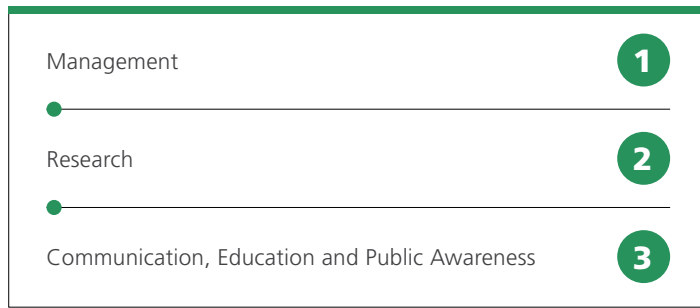
 <p>Expanded FGV's Biodiversity Programme</p> <p>In partnership with PERHILITAN, UKM, MNS and UiTM where we expanded our Protection of Rare, Endangered and Threatened Species Programme to include pygmy elephants, gibbons and pangolins</p>	 <p>Shared the No Deforestation, No Peat and No Exploitation (NDPE) Commitment to all our Suppliers</p> <p>To address environmental and social concerns related to palm oil production, encompassing land use practices, avoiding the development of plantations on peatlands and respecting local communities' rights and treating workers fairly</p>	 <p>Collaboration for the Malaysian Palm Oil Green Conservation Foundation (MPOGCF) Grant</p> <p>For a study on "Oil Palm Plantation Landscape as Wildlife Refuge: A Way Forward for Wildlife Friendly Plantations" conducted by UKM</p>	 <p>Sun Bear Conservation Centre (BSBCC)</p> <p>FGV supported the BSBCC by supporting RM10,000 to boost the programme and raising awareness about the urgent need for sun bear conservation</p>	 <p>World Orang Utan Day Celebration</p> <p>We partnered with the Malaysian Palm Oil Green Conservation Foundation (MPOGCF) in an event to celebrate World Orangutan Day, to promote awareness of conservation efforts within the palm oil industry</p>
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PROTECTING THE ENVIRONMENT

FGV's Environmental Conservation Programmes

We remain committed to protecting endangered species such as the Malayan sun bears. In August 2023, we published a FGV Sun Bear Conservation Programme video documentary. We also expanded our commitment to conservation by launching a comprehensive Environmental and Conservation Programme, encompassing pygmy elephants, pangolins and gibbons. We have successfully rescued and rehabilitated 84 sun bears since 2016, with 68 of them released into their natural habitats.

These conservation programmes comprise three major components:



The programme is based on the 3R (Rescue, Rehabilitate & Release) concept and to date, other species such as 14 gibbons and two siamangs have been released to the wild after successfully rewilding them. It is important to release wildlife away from human settlement, degraded forests and plantations to avoid future conflict issues. The aim of the pangolin conservation programme is captive breeding and to date, the programme has successfully seen 12 individual baby pangolins born in captivity since 2020.

Achieving Coexistence (ACE) with Elephants Project

In 2022, FGV teamed up with plantation companies, the Management and Ecology of Malaysian Elephants (MEME) research group from the University of Nottingham Malaysia, and the Earthworm Foundation to collaborate on the ACE project within the southern landscape of Peninsular Malaysia. This initiative aims to promote peaceful coexistence between elephants and humans, through collaboration among multiple agencies.

The project's main objectives include improving community safety, helping the agricultural sector deal with human-elephant conflicts and studying elephant behaviour and habitat needs. It is supported by the Department of Wildlife and National Parks and the Department of Forestry of Peninsular Malaysia, aligning with the government's National Elephant Conservation Action Plan (NECAP) and Central Forest Spine (CFS) masterplan. Activities include two Human-Elephant Conflict workshops organised by MEME in Kota Tinggi, Johor.

Tree Planting in Tawai, Perak

FGV, in collaboration with FELDA and Malaysia Nature Society (MNS), launched the Tree Planting for Wildlife Programme on 16 March 2023, in conjunction with World Wildlife Day on 3 March 2023 and the International Day of Forests on 21 March 2023. The initiative aimed to enhance the High Conservation Value (HCV) area in Ladang FGVP Tawai 01, Gerik, Perak. It aligns with FGV's sustainability framework and commitment towards wildlife conservation, carbon reduction and community benefits. To date, FGV has planted over 2,000 indigenous and wild fruit tree species in Tawai area. The seedlings for the tree planting programme were sourced from the nurseries operated by the Orang Asli community around Ladang Tawai.



Our tree planting effort aims to reduce CO2, improve air quality and protect biodiversity.

"Eksplorasi Alam Lestari" School Programme

In 2022, FGV along with Yayasan Didik Negara (YDN) and the Ministry of Education (MoE), initiated the "Eksplorasi Alam Lestari" pilot programme. This programme aims to educate primary school students on environmental sustainability by incorporating visual learning and diversifying classroom environments. Five sessions were conducted successfully at various locations, including the National Zoo, Paya Indah Wetlands, Wildlife Conservation Centre, National Elephant Conservation Centre and Tanjung Piai National Park. Approximately 500 students from 26 schools participated in the programme, which supports UN SDG 4 (Quality Education), UN SDG 15 (Life on Land) and UN SDG 17 (Partnership for Goals).



FGV remains steadfast in its commitment to protecting the Malayan sun bears.

PROTECTING THE ENVIRONMENT

Program Eksplorasi Alam – Yayasan Didik Negara

The collaboration programme between Yayasan Didik Negara and FGV Holdings Berhad aimed to provide awareness and understanding of environmental sustainability among primary school children. The programme took place in various locations in Malaysia including the National Zoo in Hulu Klang, Selangor; Paya Indah Wetlands in Dengkil, Selangor; the Wildlife Conservation Centre in Sungkai, Perak; the National Elephant Conservation Centre in Kuala Gandah, Pahang and Tanjung Piai National Park in Pontian, Johor. About 500 students from 26 schools participated in the programme.



We invested significant efforts to create awareness on environmental sustainability among schools and children.

CASE STUDY

Championing Environmental Sustainability to Create a Better Tomorrow

As a leading producer of crude palm oil in the world, FGV is deeply committed to sustainability, recognising its crucial role in mitigating the significant impact of its operations on People and Planet. With over 450,000 hectares of oil palm plantations spanning Malaysia and Indonesia, we invest efforts and resources to protect the ecosystem and conserve biodiversity, especially within our many plantations that are located near natural forest reserves such as the Belum-Temengor.

Any new developments are carefully planned to avoid trespassing into environmentally sensitive areas characterised by high biodiversity value (HBV) or high conservation value (HCV) areas. Whenever feasible, we plant beneficial flora to attract natural predators of insect pests within our plantations. There are plans in the pipeline to progressively increase tree planting initiatives in phases, especially in HCV areas. We remain committed to ongoing conservation efforts, conducting HBV and HCV assessments in plantations located near natural reserves, forest reserves and wildlife protection areas to preserve and enhance the identified ecological values. FGV has identified an area within its plantations as an integral migration route for hornbills, which has been classified as an Important Bird Area (IBA). This identified area is also home to endangered species such as the Malayan Tiger, Malayan Sun Bear, Malayan Tapir and Asian Elephants among others.

FGV has implemented guidelines to manage potential human-wildlife conflicts within and around its plantations to safeguard the survival of wildlife species. These guidelines encompass several measures, including monitoring wildlife presence and raising awareness among employees and neighbouring communities. A significant portion of FGV's conservation efforts focuses on the rescue, rehabilitation and subsequent release of injured or displaced Malayan Sun Bears, gibbons and pangolins. Through our 3R (Rescue, Rehabilitate and Rehome) Programme, FGV has successfully rescued 78 Sun Bears from conflict areas. Additionally, 52 rehabilitated bears have been reintegrated into their natural habitat. Notably, FGV holds the distinction of rescuing the highest number of Sun Bears globally under the 3R programme.

GOING FORWARD

FGV plans to advocate the coexistence of wildlife in its plantations through training and awareness. The GSP will also be enhanced to include a 'No Hunting' policy. This is aligned with Malaysian Sustainable Palm Oil (MSPO) and Roundtable on Sustainable Palm Oil (RSPO) requirements. FGV will continuously conserve and protect the natural ecosystems and habitats of endangered wildlife.

SECTION FIVE

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STAKEHOLDERS ENGAGEMENT

Effective stakeholder engagement is fundamental to our business success. Our commitment to meaningful dialogue with both internal and external stakeholders is essential for understanding their expectations, concerns, and interests in relation to our business performance. We maintain clear communication and foster positive relationships with all our stakeholders, as this approach not only builds positive relationships but also enables FGV to address potential issues efficiently.

CUSTOMERS			KEY RELATED MATERIAL MATTERS	
WHY IT MATTERS <ul style="list-style-type: none"> • Create demand for our products and services • Drive revenue for FGV 				
AREAS OF CONCERN <ul style="list-style-type: none"> • Product quality, safety, delivery, and services • Fair product pricing • Product traceability and responsible resource use • Compliance with global and regulatory requirements across the sustainability pillars • Product diversification 	ENGAGEMENT APPROACH <ul style="list-style-type: none"> • Company website and social media updates • Meetings, engagements, and dialogues • Company events and activities such as roundtables and gatherings • External surveys and feedback 	OUR RESPONSE <ul style="list-style-type: none"> • Provide a traceability system for our customers to obtain details such as certification, geolocation, and production • Collaborate and work closely with customers to maximise resources and productivity • Continue to introduce sustainable and innovative products and services • Provide competitive pricing and fair terms 		
SUPPLIERS			KEY RELATED MATERIAL MATTERS	
WHY IT MATTERS <ul style="list-style-type: none"> • Provide the feedstock or materials required for the production of goods and services • Play an important role within the value chain of the business 				
AREAS OF CONCERN <ul style="list-style-type: none"> • Efforts to achieve product traceability and responsible resource • Supply chain disruption and market volatility • Compliance with global and regulatory requirements across the sustainability pillars • Fair procurement practices and safe working conditions 	ENGAGEMENT APPROACH <ul style="list-style-type: none"> • Company website and social media updates • Meetings, engagements, and dialogues • Company events and activities such as roundtables and gatherings • Site visits and inspections • External surveys and feedback 	OUR RESPONSE <ul style="list-style-type: none"> • Improve procurement process to ensure responsible and sustainable practices in conducting business • Ensure good management and sufficient support during pre and post-engagement with suppliers 		
REGULATORS & GOVERNMENT			KEY RELATED MATERIAL MATTERS	
WHY IT MATTERS <ul style="list-style-type: none"> • Ensure adherence to industry rules and regulations to maintain compliance within our operations • Protect stakeholders' interests 				
AREAS OF CONCERN <ul style="list-style-type: none"> • Compliance with global and regulatory requirements across the sustainability pillars • Contribution to national sustainability goals • Transparent and timely updates on FGV's operations and industry trends • Alignment to government policies and initiatives in the industry 	ENGAGEMENT APPROACH <ul style="list-style-type: none"> • Company website updates • Meetings, engagements, and dialogues • Site visits, audits, and inspections • External surveys and feedback 	OUR RESPONSE <ul style="list-style-type: none"> • Ensure business units comply with all regulatory requirements while pursuing business objectives • Continuous engagement with the regulators to provide updates and developments on FGV's initiatives across the business • Continuous review and enhancement of our compliance and risk management monitoring tools, systems, and processes 		

STAKEHOLDERS ENGAGEMENT

BOARD OF DIRECTORS AND EMPLOYEES

WHY IT MATTERS

Board of Directors

- Manages the organisation at a strategic level
- Oversees the conduct of the Group's business
- Manages risks and ensure the implementation of the appropriate internal control framework and mitigation measures

Employees

- Possess knowledge and technical expertise to drive business operations
- Represent FGV in communicating with customers and suppliers
- Handle and manage daily operations of the organisation

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

Board of Directors

- FGV's financial performance and achievement of operational targets
- Compliance with global and regulatory requirements across the sustainability pillars
- Corporate governance across the value chain and risk management practices
- Collaborative approach to leverage on expertise and skills
- Board diversity and knowledge

Employees

- Alignment to ethical business practices
- Fair employment practices including promoting gender diversity, and women in leadership, and fair opportunities to learn and upskill
- Protection from exploitation and discrimination
- Reporting channel and support to address misconduct
- Healthy and safe working environment

ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements, and dialogues
- Annual appraisal
- Company events and activities such as town halls, mentoring, roundtables, and gatherings
- Company intranet and newsletter
- Internal surveys and feedback

OUR RESPONSE

- Conduct Employee Engagement Survey for better engagement in the future
- Competitive benchmarking and market positioning analysis for all employees in terms of welfare and salary
- Ensure FGV's grievance mechanism is accessible to FGV workforce
- Upskill and reskill employees through learning and development programmes
- Prepare for the development of leadership roles and succession planning

FIELD WORKERS

WHY IT MATTERS

- Engage in fieldwork and crop harvesting that may significantly impact FGV's productivity and efficiency

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Safe working conditions and provision of appropriate safety
- Clear reporting channel and support to address grievances
- Ethical business and labour practices
- Welfare protection against labour malpractices within the supply chain

ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements, and briefings
- Company events and activities such as town halls and roundtables
- Site visits, audits, and inspections
- Internal surveys and feedback

OUR RESPONSE

- Conduct onboarding and awareness sessions to ensure field workers understand their rights
- Ensure the welfare of field workers and comply with laws and regulations in relation to human rights and labour standards
- Revised and strengthened the Guidelines and Procedures for Responsible Recruitment and Employment of Migrant Workers to align our practices with international standards
- Ensure FGV's grievance mechanism is accessible to FGV workforce

STAKEHOLDERS ENGAGEMENT

FELDA

WHY IT MATTERS

- The key stakeholder of FGV

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Strategic planning and business growth
- FGV's financial performance and achievement of its operational targets
- Transparent and responsible donations and contributions to society

ENGAGEMENT APPROACH

- Meetings, engagements, and dialogues
- Company events and activities such as town halls and briefings
- Annual General Meetings

OUR RESPONSE

- Conduct regular sessions between FGV and FELDA to discuss the development, challenges, and regulatory requirements within the palm oil industry
- Provide reports and updates on business performance and progress

FELDA SETTLERS

WHY IT MATTERS

- 112,638 settlers surrounding FGV estates and mills who benefit from plantation income through FELDA
- Contribute 42% of FGV's FFB processed

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Land rights protection and responsible land use
- Fair FFB pricing
- Responsible growing and production practices
- Effective welfare programmes to uplift the community
- Upskilling approach to achieve sustainability certifications

ENGAGEMENT APPROACH

- Meetings, engagements, and dialogues
- Company events and activities such as roundtables
- Annual General Meetings
- Internal feedback

OUR RESPONSE

- Improve the livelihoods of the local communities around the areas we operate in through corporate social responsibility and investing in various educational programmes
- Launched the Independent Smallholders Consultation Programme to create awareness on the smallholders' role in sustainable palm oil industries
- Community outreach to foster positive relationships and demonstrate FGV's commitment to the welfare of FELDA settlers

INVESTORS & CAPITAL PROVIDERS

WHY IT MATTERS

- Provide capital for FGV to expand the business

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Strategic planning and business growth
- Maximisation of shareholder value
- Compliance with global and regulatory requirements across the sustainability pillars
- Transparent and timely updates on FGV's operations and industry trends
- FGV's financial performance and achievement of operational targets

ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements, and dialogues
- Annual General Meetings
- Company briefings, roadshows, and site visits
- External surveys and feedback

OUR RESPONSE

- Embed sustainable approach across the value chain to ensure business continuity
- Implement internal controls and monitor for any instances of non-compliance
- Ensure productivity and efficiency within business operations
- Provide timely and accurate information for investors to make informed decisions

STAKEHOLDERS ENGAGEMENT

JOINT VENTURE & BUSINESS PARTNERS

WHY IT MATTERS

- Provide access to additional financial resources, technology, and expertise that may not be available internally

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Strategic planning and business growth
- Compliance with global and regulatory requirements across the sustainability pillars
- Transparent and timely updates on FGV's operations and industry trends
- FGV's financial performance and achievement of operational targets
- Collaborative approach to leverage on expertise and skills

ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements, and briefings
- Company events and activities such as mentoring and roundtables
- Company intranet and newsletter
- Site visits, audits, and inspections
- External surveys and feedback

OUR RESPONSE

- Conduct workshops and knowledge-sharing sessions to improve overall capabilities that can lead to enhanced performance and innovation
- Implement performance monitoring and evaluation mechanism to track progress of FGV's JV businesses

MEDIA

WHY IT MATTERS

- Provide media exposure that can impact FGV's visibility and reputation
- Serve as a channel to disseminate important information about the Company to the public

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Transparent and timely updates on FGV's operations and industry trends
- Compliance with global and regulatory requirements across the sustainability pillars
- Clarification on misinformation concerning the palm oil industry or FGV

ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements, and media briefings
- Company events and activities such as gatherings
- Media press releases
- External surveys and feedback

OUR RESPONSE

- Prepare a communication plan to develop messaging and responses that are transparent and consistent
- Proactively engage with media outlets to build relationships and establish trust
- Monitor media coverage to identify potential issues or negative coverage that could impact FGV's reputation

NON-GOVERNMENTAL ORGANISATIONS

WHY IT MATTERS

- Promote social values, civic engagement, and support local initiatives
- Keep us informed of socioeconomic developments that may impact our business

KEY RELATED MATERIAL MATTERS



AREAS OF CONCERN

- Efforts to protect the environment and promote social justice
- Transparent and timely updates on FGV's operations and industry trends
- Compliance with global and regulatory requirements across the sustainability pillars

ENGAGEMENT APPROACH

- Company website and social media updates
- Meetings, engagements, and dialogues
- Collaborations and project partnerships
- External surveys and feedback

OUR RESPONSE

- Engage in dialogues with NGOs to better understand their concerns and perspectives
- Build partnerships with NGOs that share the same values, leading to project collaborations, increase understanding, and mutual support
- Address the specific concerns raised by NGOs and offer solutions where possible



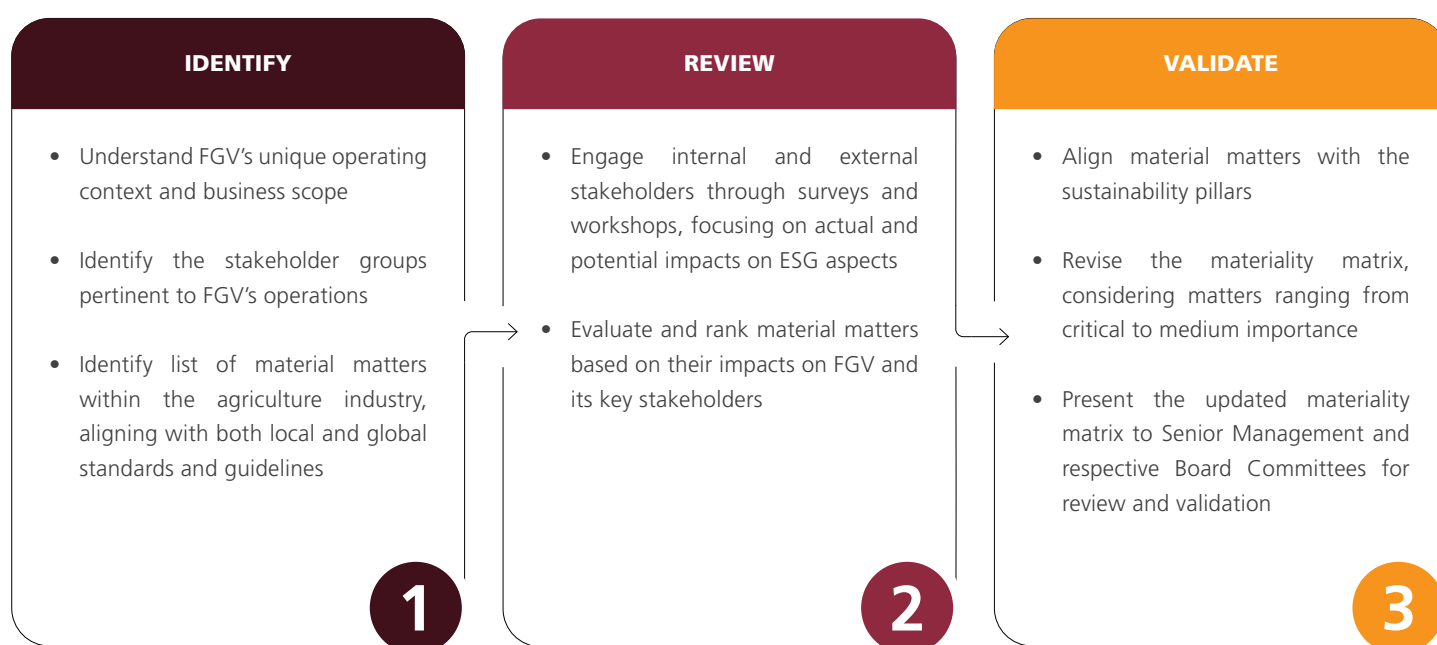
More information on our list of material matters can be found under Materiality Assessment on pages 112 to 114.

MATERIALITY ASSESSMENT

Every year, we conduct materiality assessments to identify and evaluate the importance of economic, environmental, social and governance (EESG) risks, which collectively form our sustainability matters. These assessments help us generate long-term value by allowing us to effectively manage sustainability, risks and opportunities in line with our strategy, business objectives and stakeholder needs.

Our materiality assessment is guided by several frameworks and standards, including Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), Global Reporting Initiatives (GRI) 3 Material Topics 2021, Sustainability Accounting Standards Board (SASB) Standards, Morgan Stanley Capital International (MSCI) and Bursa Malaysia's Toolkit: Materiality Assessment 2022.

The materiality assessment process was conducted in the following three stages:



In 2023, we engaged a third party to lead us in conducting a comprehensive materiality assessment, resulting in the identification of 20 material matters. This process involved conducting a survey with both internal and external stakeholders to gauge the significance of each material matter. Internal stakeholders included the Board of Directors, employees and workers, while external stakeholders comprised investors, regulators, FELDA, customers, partners and suppliers, among others. A total of 93 stakeholders were provided with a bilingual (Bahasa Malaysia and English) questionnaire covering the 20 identified material matters through an online link for their input. The survey also included brief explanations of each material topic to enhance stakeholder understanding and encourage participation.

The findings of the online materiality assessment survey were organised according to average responses. Similar criteria were used to summarise these into 20 primary material topic groupings, incorporating FGV's initial 16 material matters from FY2022 and FY2021 assessments, along with four new material matters considered relevant to FGV as an organisation.

MATERIALITY ASSESSMENT

SUMMARISED METHODOLOGY



The following is a list of material matters that are relevant to FGV's operations and stakeholder interests:

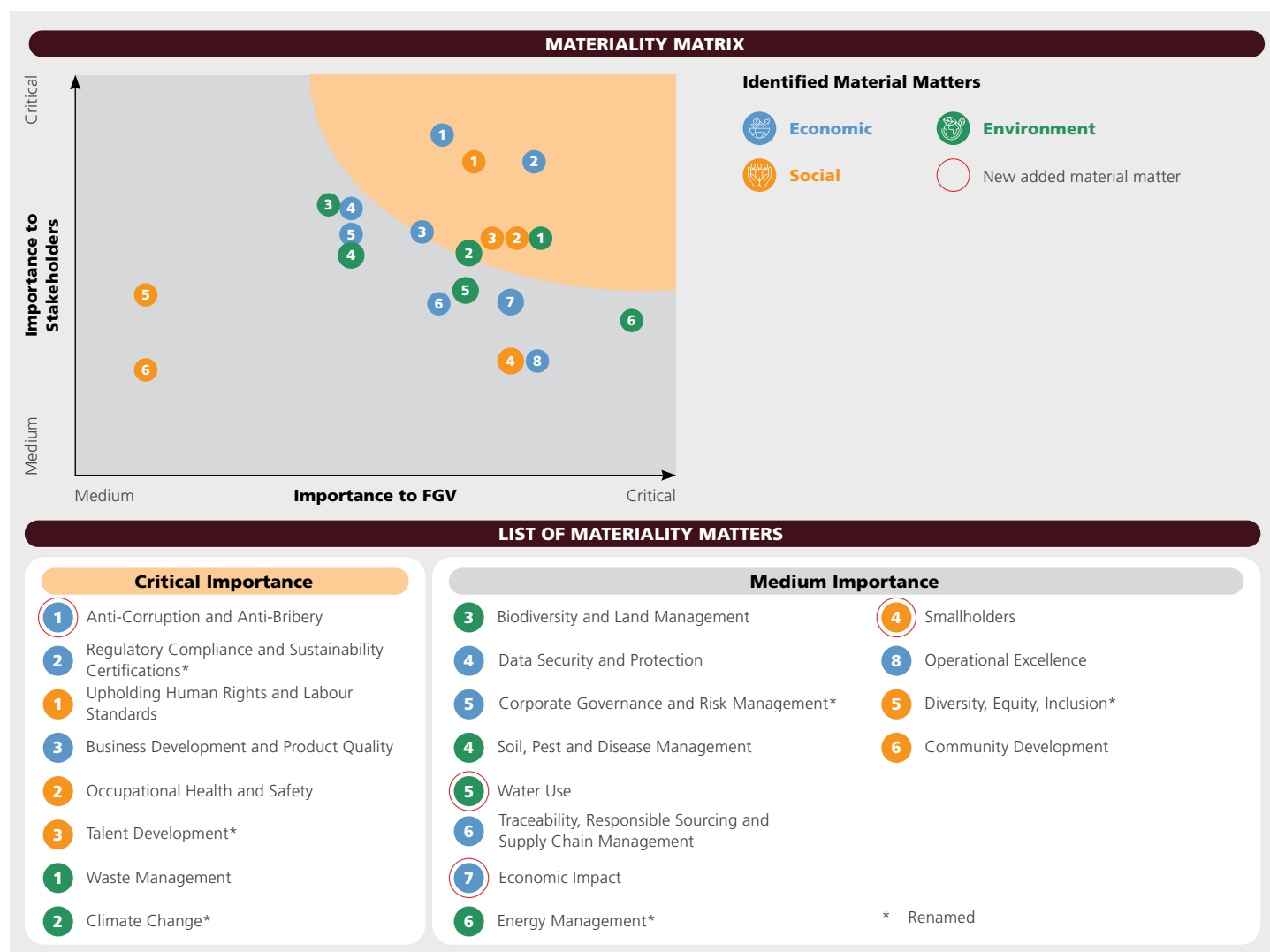
Economic	Environment	Social	Governance
Operational Excellence	Biodiversity and Land Management	Community Development	Regulatory Compliance and Sustainability Certifications
Traceability, Responsible Sourcing and Supply Chain Management	Climate Action	Diversity, Equity, Inclusion	Data Security and Protection
Business Development and Product Quality	Energy Management	Talent Development	Corporate Governance and Risk Management
Economic Impact*	Soil, Pest and Disease Management	Upholding Human Rights and Labour Standards	Anti-Corruption and Anti-Bribery*
	Waste Management	Occupational Health and Safety	
	Water Use*	Smallholders*	

* Note: New material matter added

MATERIALITY ASSESSMENT

MATERIALITY MATRIX

The outcome of the materiality survey and workshop included data analysis to determine the top material matters to FGV based on levels of significance:



Through the materiality assessment conducted during the reporting year, the list of material matters increased from 16 indicators to 20, incorporating four new material topics for each EESG pillar which include:

- Economic: Economic Impacts
- Environment: Water Use
- Social: Smallholders
- Governance: Anti-Corruption and Anti-Bribery

All material matters were assessed on a scale ranging from Moderate Importance to Critical Importance. Energy Management emerged as the highest-scoring material topic across all EESG pillars with a score of 4.8, while Community Development and Diversity, Equity and Inclusion received the lowest scores of 2.7, respectively.

Based on the findings of the material assessment, key material matters such as Regulatory Compliance and Sustainability Certifications, Waste Management, Occupational Health and Safety, Talent Development and Upholding Human Rights and Labour Standards are deemed critical for both FGV's operations and stakeholders.

LINKING MATERIAL MATTERS TO RISKS AND STRATEGY

Anti-Corruption & Anti-Bribery



How We Responded in 2023

- Conducted risk assessment covering 34 operations sites.
- Conducted 46 awareness training sessions with internal and external stakeholders on our anti-bribery and corruption policies.
- Conducted Anti-Bribery Internal Audit at 43 sites across the Group to assess the effectiveness of our Anti-Bribery Management System (ABMS). Additionally, we achieved re-certification of ISO 37001 ABMS with an extended scope.
- Resolved 36 out of 38 corruption-related complaints through the whistleblowing channel, while the other two are still under investigation.
- Implemented all 74 action plans identified under FGV Anti-Corruption Plan 2020-2023.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



Regulatory Compliance & Sustainability Certifications



How We Responded in 2023

- Obtained International Sustainability and Carbon Certification (ISCC) (Waste & Residue) for FGV Refineries Sdn Bhd-Tawau Oil Products.
- Conducted nine series of independent smallholders consultation programmes to communicate FGV's sustainability commitments and gather insights from this stakeholder group.
- Monitor FGV's certification progress, comprising of Roundtable Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), and ISCC to be aligned with standard requirements.
- Ensure FGV complies with all sustainability related regulations and standards.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



Business Development & Product Quality



How We Responded in 2023

- Included MSPO certification sticker with a certificate number on the label of Saji cooking oil.
- Utilised Fast-Moving Consumer Goods (FMCG) Distributorship Network Model to expand our network of distributors, wholesalers, and retailers.
- Obtained a new cycle of MSPO certification (2023-2026) for Delima Oil Products Sdn Bhd's refinery following the completion of MSPO re-certification audit conducted in May 2023.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



Upholding Human Right & Labour Standard



How We Responded in 2023

- Completed the reimbursement of recruitment fees to 20,153 active migrant workers totalling RM72.2 milion.
- Collaborated with Project Liber8, and implemented their module on child labour and child trafficking at our Community Learning Centres, alongside Policy Statements and Guidelines on Respecting and Protecting Children's Rights.
- Conducted 21 training sessions involving around 2,182 participants, focusing on the 11 International Labour Organization (ILO) indicators of forced labour.
- Signed 17 Internal Union Agreements to uphold our employees' rights, providing a platform for suggestions and concerns.
- Conducted 14 Grievance Awareness sessions with employees and external stakeholders across our operations in Malaysia.
- Ongoing initiative to upgrade and construct new housing for workers, as well as improve access to potable water and internet connection, particularly in remote areas.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



LINKING MATERIAL MATTERS TO RISKS AND STRATEGY

Occupational Health & Safety



How We Responded in 2023

- Implemented Guidelines on the Medical Surveillance Programme at the Workplace 2023.
- Conducted a Health Screening Programme 2023.
- Engagement with employees to ensure a safer workplace by establishing clear communication channels outlined in the Standard Operating Procedure (SOP).
- Ongoing training sessions covering topics such as Occupational Health, Occupational Safety, and the Environment.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



Talent Development



How We Responded in 2023

- Introduced two Employee Development initiatives:
 - Asia Young Leadership Programme (AYLP), aimed at enhancing leadership skills through insightful idea exchanges and knowledge sharing.
 - Talent Rotation Programme (TRoP) Internal Rotation, designed to provide middle management with an in-depth understanding of FGV's operations, processes, and challenges.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



Waste Management



How We Responded in 2023

- Ongoing efforts on the Reuse, Recycle, and Recovery (3R) initiative to contribute to responsible and sustainable practices of reducing waste generation.
- Monitor the ongoing transformative projects including the conversion of by-products from palm oil mills and the recycling of scrap materials and used tires, facilitating the transformation of waste into valuable resources.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



Climate Change



How We Responded in 2023

- Completed our carbon emissions baseline and GHG emissions inventory for Scope 1 and Scope 2 for 20 FGV's subsidiaries based on 2019 data.
- Due to our complex supply chain, for Scope 3 inventory, an independent consultant was appointed to ensure the accuracy of our data.
- Organised FGV Sustainability Week, aimed at enhancing awareness among our employees and fostering a culture of change towards sustainable practices throughout our operations.

UN SDGs Alignment



Related Risks



Link to Strategic Thrusts



Capitals Impacts



Related Risks:

- Governance, Ethics & Integrity
- Product

- Supply Chain Risk
- Regulatory/Compliance

- Human Resource
- Safety, Health & Environment

- Production/General Operations

The details of other icons can be found in Basis of This Report on page 4 in this report.

GRI CONTENT INDEX

GRI Universal Standard

Statement of Use	FGV Holdings Berhad has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2023 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	Not Applicable

GRI Disclosure	GRI Disclosure Description	Page Number
GRI 2: General Disclosures 2021		
The organisation and its reporting practices		
2-1	Organisational details	2 - 3
2-2	Entities included in the organisation's sustainability reporting	2 - 3
2-3	Reporting period, frequency and contact point	2 - 3
2-4	Restatements of information	-
2-5	External assurance	3, 122 - 125
Activities and workers		
2-6	Activities, value chain and other business relationships	13 - 15 AIR 2023 page 15
2-7	Employees	61 - 65
2-8	Workers who are not employees	61
Governance		
2-9	Governance structure and composition	AIR 2023 pages 16, 109 - 113
2-10	Nomination and selection of the highest governance body	AIR 2023 on page 118
2-11	Chair of the highest governance body	AIR 2023 page 88
2-12	Role of the highest governance body in overseeing the management of impacts	21 - 22 AIR 2023 pages 112 - 115
2-13	Delegation of responsibility for managing impacts	21 - 22 AIR 2023 pages 98 - 106, 128 to 129
2-14	Role of the highest governance in sustainability reporting	21 - 22 AIR 2023 pages 127 - 129
2-15	Conflicts of interest	AIR 2023 page 130
2-16	Communication of critical concerns	41 - 42, 57
2-17	Collective knowledge of the highest governance body	AIR 2023 page 119
2-18	Evaluation of the performance of the highest governance body	AIR 2023 pages 116 -118
2-19	Remuneration policies	AIR 2023 page 123
2-20	Process to determine remuneration	AIR 2023 pages 123, 126
2-21	Annual total compensation ratio	-

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2-24	Embedding policy commitments	16 - 19
2-25	Processes to remediate negative impacts	41 - 42, 57
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2-27	Compliance with laws and regulations	41 - 47, 53 - 56
2-28	Membership associations	-
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GRI 3: Material Topics 2021		
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Material Matter: Traceability, Responsible Sourcing & Supply Chain Management		
GRI 3: Material Topics 2021		
3-3	Management approach	30
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Material Matter: Corporate Governance & Risk Management	
GRI 3: Material Topics 2021	
3-3 Management approach	41
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405-1 Diversity of governance bodies and employees	61 - 65
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304-3 Habitats protected or restored	101 - 103
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	103 - 104

INDEPENDENT ASSURANCE STATEMENT



Independent Limited Assurance Report to the Board of Directors of FGV Holdings Berhad on the selected sustainability information disclosed in the Sustainability Report 2023

To the Board of Directors of FGV Holdings Berhad

We have been engaged by FGV Holdings Berhad (“FGV” or “the Company”) to perform an independent limited assurance engagement on selected material sustainability indicators (the “Subject Matter Information”) as report by FGV in its Sustainability Report for the year ended 31 December 2023 as defined below and marked with the symbol “(A)” in FGV’s Sustainability Report 2023.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information for the financial year ended 31 December 2023, is not prepared, in all material respects, in accordance with the Reporting Criteria.

Subject Matter Information

The Subject Matter Information reported in the FGV’s Sustainability Report 2023 on which we provide limited assurance comprises the following indicators:

Subject Matter Information		Reporting period 1 January to 31 December 2023
Community /Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM 1,553,040
Diversity	Percentage of directors by gender and age group	71% male 29% female 50-59 y/o: 57% 60 - 69 y/o: 14% >70 y/o: 29%
Health and Safety	Number of work-related fatalities	4
	Lost time incident rate (“LTIR”)	3.23

Our assurance was with respect to the financial year ended 31 December 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in FGV’s Sustainability Report 2023, or other information accompanying the said document and, therefore, we do not express any conclusion thereon.

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INDEPENDENT ASSURANCE STATEMENT



Independent Limited Assurance Report to the Board of Directors of FGV Holdings Berhad on the selected sustainability information disclosed in the Sustainability Report 2023

Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which FGV is solely responsible for selecting and applying. The Reporting Criteria used for the reporting of the Subject Matter Information are set out below:

Reporting period	Reporting Criteria
1 January to 31 December 2023	<ul style="list-style-type: none"> The Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad; and The Company's internal sustainability reporting guidelines and procedures by which the Subject Matter Information is gathered, collated and aggregated internally.

Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure the Subject Matter Information allows for different, but acceptable, evaluation and measurement basis that can affect comparability between entities over time.

Responsibilities of the Directors and Management

Management of FGV is responsible for the preparation of the Subject Matter Information in accordance with the Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the FGV's Sustainability Report as well as the design, implementation and maintenance of internal controls relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by FGV which are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements ("ISAE") 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Subject Matter Information is free from material misstatement.

The accuracy of the Subject Matter Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our limited assurance report should therefore be read in conjunction with the Reporting Criteria on the reporting of the Subject Matter Information for the financial year ended 31 December 2023.

INDEPENDENT ASSURANCE STATEMENT



Independent Limited Assurance Report to the Board of Directors of FGV Holdings Berhad on the selected sustainability information disclosed in the Sustainability Report 2023

Our Responsibility (cont'd)

A limited assurance engagement involves assessing the suitability in the circumstances of FGV's use of the Reporting Criteria as the basis for the preparation of the Subject Matter, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Main Assurance Procedures

Our work included the following procedures:

- Considered the suitability in the circumstances of FGV's Reporting Criteria as the basis for preparing the Subject Matter Information;
- Inquired the personnel responsible for data collection, collation and reporting of the Subject Matter Information at the corporate and operating unit level to obtain understanding of FGV's control environment, processes and systems relevant to the preparation of the Subject Matter Information;
- Performed limited substantive testing on a sample basis on transactions included in the Subject Matter Information to check that underlying information had been appropriately evaluated or measured, recorded, collated and reported, by:
 - a. agreeing the transaction amount to external and/or internal documents, for the Subject Matter Information as follows:

Subject Matter Information	Examples of documentary evidence
Total amount invested in the community where the target beneficiaries are external to the listed issuer	Actual community investment receipt from the beneficiaries and disbursement ledger
Percentage of directors by gender and age group	Directors' register
Number of work-related fatalities	Incident reporting form, death certificates, police report and post-mortem report
Lost time incident rate	Incident reporting form, medical certificates and investigation report

INDEPENDENT ASSURANCE STATEMENT



Independent Limited Assurance Report to the Board of Directors of FGV Holdings Berhad on the selected sustainability information disclosed in the Sustainability Report 2023

Main Assurance Procedures (cont'd)

- b. checking the transactions reported against the eligible criteria as set out in the Reporting Criteria.
- Considered the presentation and disclosures of the Subject Matter Information in FGV's Sustainability Report 2023.

Restriction on Distribution and Use and Disclaimer of Liability to Third Parties and For Any Other Purpose

This report, including the conclusion, has been prepared solely for the Board of Directors of FGV Holdings Berhad in accordance with the agreement between us, in connection with the performance of an independent limited assurance engagement on the Subject Matter Information as reported by FGV in its Sustainability Report 2023 and should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the FGV Sustainability Report 2023 to be disclosed on the website of FGV at www.fgvholdings.com/investor-relations/annual-reports-presentations/, in respect of the financial year ended 31 December 2023, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter Information for the financial year ended 31 December 2023. Accordingly, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
29 April 2024

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	70.00
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Employees	Percentage	18.00
Board of Directors	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	94.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	38
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,553,040.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	17,328
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	2,350
Management	Hours	42,827
Non Management	Hours	235,932
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	54.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	1
Middle Management	Number	43
Executive	Number	154
Non-Executive	Number	6,738
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	4
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management 30-50	Percentage	50.70
Senior Management Above 51	Percentage	49.30
Middle Management Under 30	Percentage	0.20
Middle Management 30-50	Percentage	72.10
Middle Management Above 51	Percentage	27.70
Executive Under 30	Percentage	21.30
Executive 30-50	Percentage	65.30
Executive Above 51	Percentage	13.40
Non-Executive Under 30	Percentage	33.20
Non-Executive 30-50	Percentage	57.90
Non-Executive Above 51	Percentage	8.90
Gender Group by Employee Category		
Senior Management Male	Percentage	79.70
Senior Management Female	Percentage	20.30
Middle Management Male	Percentage	79.50
Middle Management Female	Percentage	20.50
Executive Male	Percentage	67.10
Executive Female	Percentage	32.90

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023
Non-Executive Male	Percentage	85.20
Non-Executive Female	Percentage	14.80
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.00
Female	Percentage	29.00
40-49	Percentage	0.00
50-59	Percentage	57.00
60-69	Percentage	14.00
70 and above	Percentage	29.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	4
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	3.23
Bursa C5(c) Number of employees trained on health and safety standards	Number	42,309
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	309,264.72
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	298,615.02
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	10,649.70
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	151,019,534.00
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	22,128,695.600000

Internal assurance External assurance No assurance (*)Restated

Common Indicator C5(b): Lost time incident rate ("LTIR")

Description Lost time incident rate refers to the loss of productivity associated with accidents or injury arising out of or in the course of work

Unit of measurement Rate

Methodology Calculation

Lost time incident rate ("LTIR")^[1] =

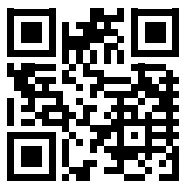
$$\frac{A}{B} \times 200,000^{[2]}$$

Note:

^[1] LTIR is calculated as a rate, where the number of lost time incidents during the reporting period are expressed per the total number of hours worked as at the end of the reporting period.

^[2] The value of 200,000 represents a standardised value of the total amount of hours that 100 employees work weekly for 40 hours for a duration of 50 weeks (100 x 40 x 50 = 200,000).

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