

GCEO'S STATEMENT ON IPCC REPORT – CLIMATE CHANGE 2022: IMPACTS, ADAPTATION AND VULNERABILITY.

The latest report from the UN's Intergovernmental Panel on Climate Change (IPCC) looks at the impacts, adaptation and vulnerabilities associated with the climate crisis. The report shows how the current global temperature increase of 1.1°C is already impacting natural and human systems, and how our ability to respond through mitigation and adaptation will be increasingly limited with every increment of temperature rise. The report also maintains the substantiality of limiting the global temperature rise at 1.5°C as surpassing the number would lead to severe and irreversible impacts. The report anticipates that in the coming years, climate change will cause more frequent heatwaves, wildfires, and other extreme weather changes. If global warming is left unchecked, these climate hazards will continue to increase, and cause detrimental economic losses and social inequities.

FGV subscribes to the latest climate science presented by the IPCC to understand the measures that are needed to tackle climate change. The recent floods in Terengganu that devastated several areas of FGV's operations had exposed our business vulnerability to the adverse impacts of climate change. They also act as a grim reminder that adaptation to the adverse impacts must be in place to ensure our business continuity. To avoid extreme damages caused by climate change in the future, we believe that adaptation is as important as reducing emissions.

It is alarming that global anthropogenic carbon emissions have significantly increased despite four decades of international talks on climate change since the First World Climate Conference in 1979. The Carbon Majors report by CDP in 2017 shows that just 100 companies were responsible for 71% of global GHG emissions since 1998. The data also concludes that over half of the world's industrial emissions can be traced back to just 25 state companies and entities. Although these companies do not represent most business sectors, it provides a strong affirmation of the negative externality of business operations hence the obligation to bear the responsibility for mitigating and adapting to the adverse impacts of climate change.

Support for National Policies

FGV has been supportive of the national climate agenda and policies which act as a compass for the corporations in Malaysia. The 12th Malaysia Plan has unveiled the government's commitment to becoming a carbon-neutral country, a timely goal that will accelerate the growth of the green economy and the socio-economic development in Malaysia. FGV applauds the launch of Renewable Energy Roadmap (MyRER) by the Ministry of Energy and Natural Resources (KeTSA). The renewed commitment to renewable energy is imperative to increase the share of renewable energy in the national energy mix.

The Malaysia Plastics Sustainability Roadmap 2021-2030 which was recently announced by the Ministry of Environment and Water (KASA) is a critical policy response to address plastic waste pollution. I am convinced that the emerging circularity paradigm will transform the relationships between environmental protection and economic systems. With the framework in place, and with strong participation from the industry to realise the framework, Malaysia is on track to transition to an economic system characterised by circularity. In line with the roadmap, FGV recently initiated its circularity initiative which started with waste mapping and circularity gaps to understand the corporation's waste generation and strategies to transition to a circular economy.

The development of both Voluntary Carbon markets (VCM) and Domestic Emissions Trading Scheme (DETS) is vital to drive GHG emissions reduction amongst the private sector. FGV believes in Bursa's expertise and capabilities in establishing Malaysia's first platform for carbon trading through VCM and DETS, and will be in active communication with Bursa, KASA and the Ministry of Finance (MoF) to support and facilitate the implementation.

FGV believes the synergy between the ministries such as KASA, MoF and KeTSA, implementing agencies such as MGTC and SEDA, NGOs and the private sector will strengthen the national climate agenda, and prepare Malaysia to be on the frontline in the fight against climate change. The continuity and implementation of the policies are also vital to put Malaysia on track to support the global climate goals.

FGV Commitment to Climate Action

FGV was founded on the principle of sustainable development to eradicate national poverty through the cultivation of cash crops. Today, FGV is a conglomerate with a strong workforce of over 45,000 people, which is evidence of how our business contributes significantly to economic development, social equities and national growth. In addition, oil palm is the most sustainable vegetable oil in terms of land use, and its usage has become predominant in the global food chain and food system, making our business continuity integral in sustaining global food security.

As climate change possesses a risk that could disrupt our business continuity, it is only fitting for FGV to be on the frontline in the fight against climate change. In 2021, FGV has renewed its commitment to climate action through the development of its inaugural integrated climate action plan. FGV Climate Action Plan sets our response - as a company - to the climate crisis. The plan comprises six focus areas - climate governance, carbon management, waste management, water management, operational efficiency and climate awareness - which outlines our mitigation and adaptation efforts in support of the global climate goals. The comprehensive group-wide plan is also an expression of our commitment to adopting a holistic sustainability approach in our effort to become a zero environmental impact business.

Our climate action plan is also transformative as it details our commitment to becoming a net-zero business through science-based targets (SBT), making FGV the first food and agriculture company in Malaysia to commit to SBT. We are also strengthening our climate governance to steer our business strategy towards preventing, mitigating or adapting to risks posed by climate change.

In 2022, we aim to establish our carbon reduction target setting upon completion of our centralised GHG Inventory. As a company committed to science-based targets through SBTi, our GHG Inventory is being developed based on the GHG Protocol Corporate Accounting and Reporting Standard. We are also committed to revising our GHG Inventory and target setting if required by the upcoming SBTi Forest, Land and Agriculture ('SBTi FLAG') sector guidance and the Greenhouse Gas Protocol (GHG Protocol) Land Sector and Removals Guidance.

Call to Commit to Science-Based Targets

We are living in unprecedented times as our action now will be substantial to determine our survival. It is imperative that businesses contribute to the mitigation and adaptation efforts in minimising the adverse impacts of climate change. Climate science is clear on the strategy to keep the temperature at 1.5°C, and it is only possible through collective actions.

FGV together with Bursa Malaysia, Axiata Group and Sunway Berhad have taken a progressive step to become leading listed companies in Malaysia that are committed to science-based targets. Businesses have a key role to play in addressing climate change, and by working more closely together to adopt and promote a science-based approach, businesses can advance the national climate agenda to deliver a greener future and unlock new opportunities.

As time is running short, climate action can no longer be a voluntary act and must be taken seriously by the parties that are in a position to make changes. I believe businesses are the stewards of this world. We have significant responsibility and opportunity to repurpose our business to create a more sustainable and liveable world, for us and our children.

Mohd Nazrul Izam Mansor

GCEO, FGV Holdings Berhad.

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For any enquiries on our commitment to climate action and/or potential collaboration with FGV, please contact our climate change officer at climateaction@fgvholdings.com