

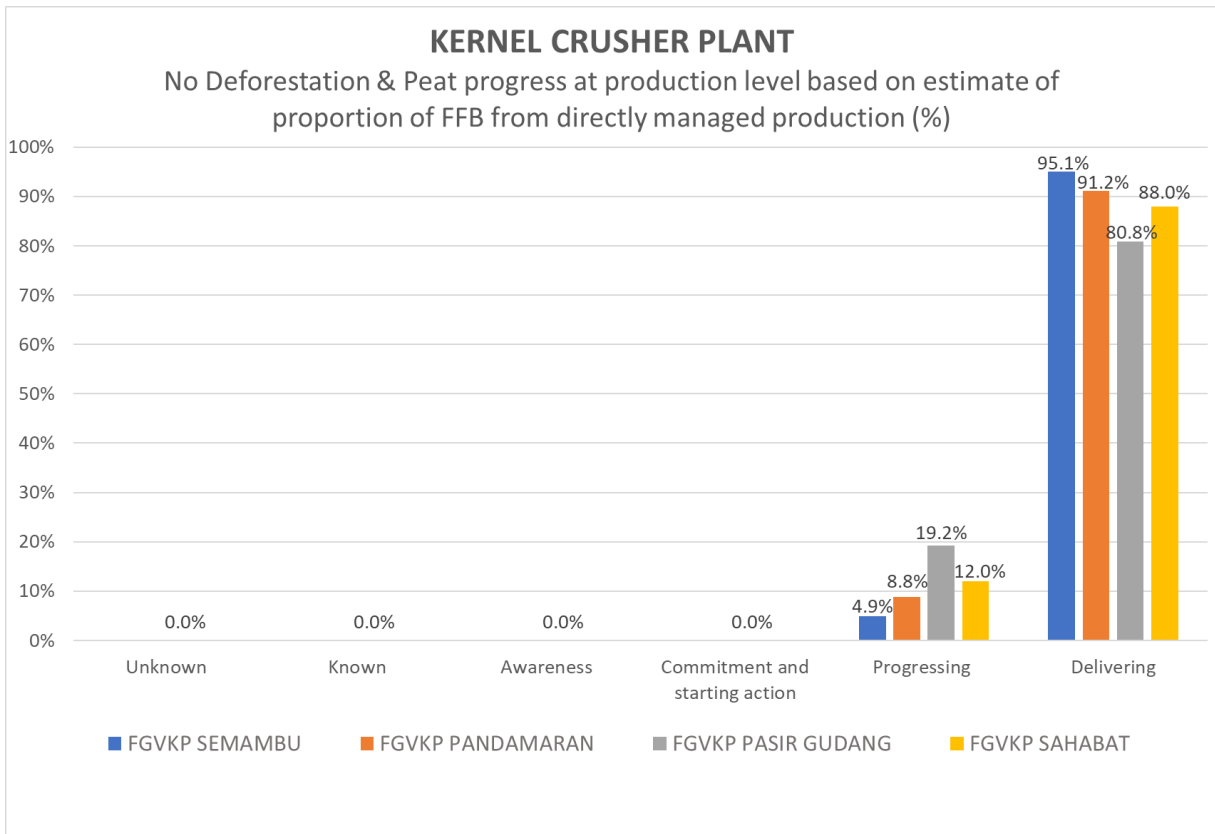
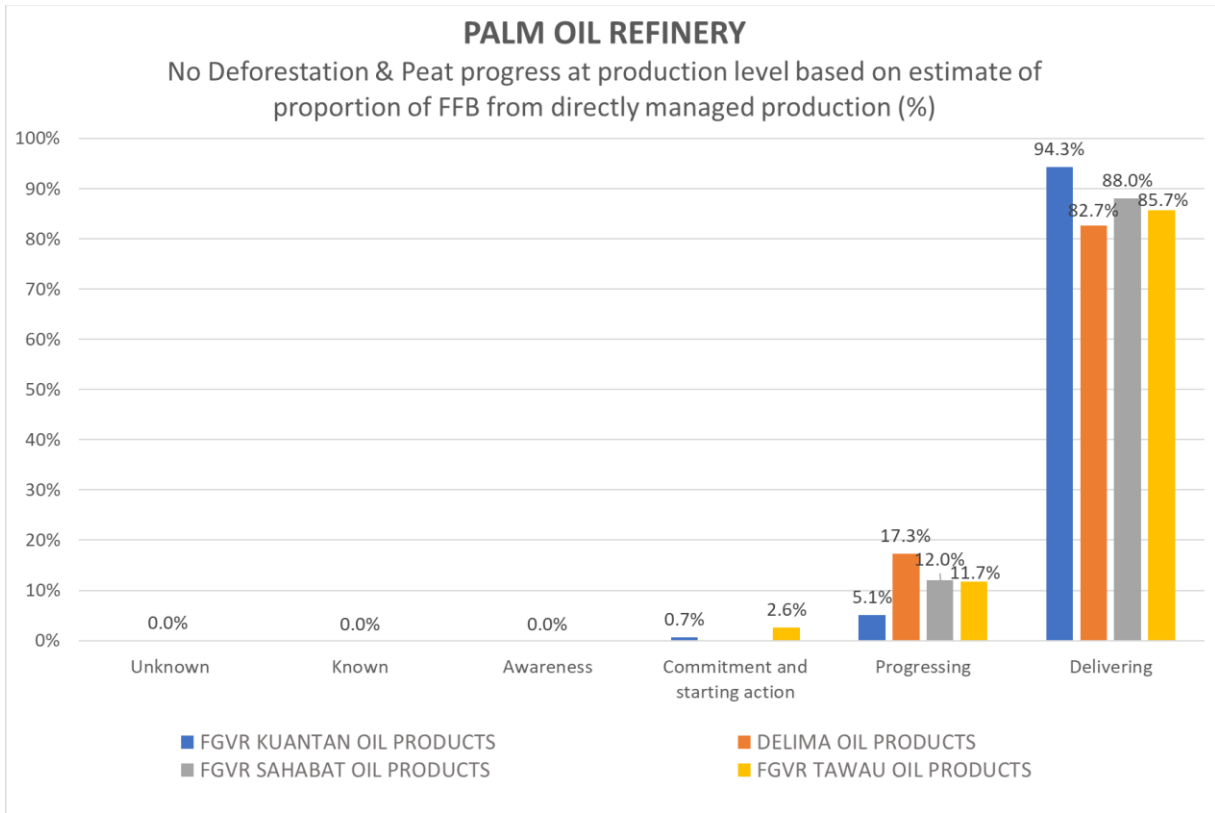


FGV SUSTAINABILITY PERFORMANCE AND UPDATES 2021-2022

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1 NDPE Implementation Reporting Framework



2 Monitoring deforestation in our supplier's operation

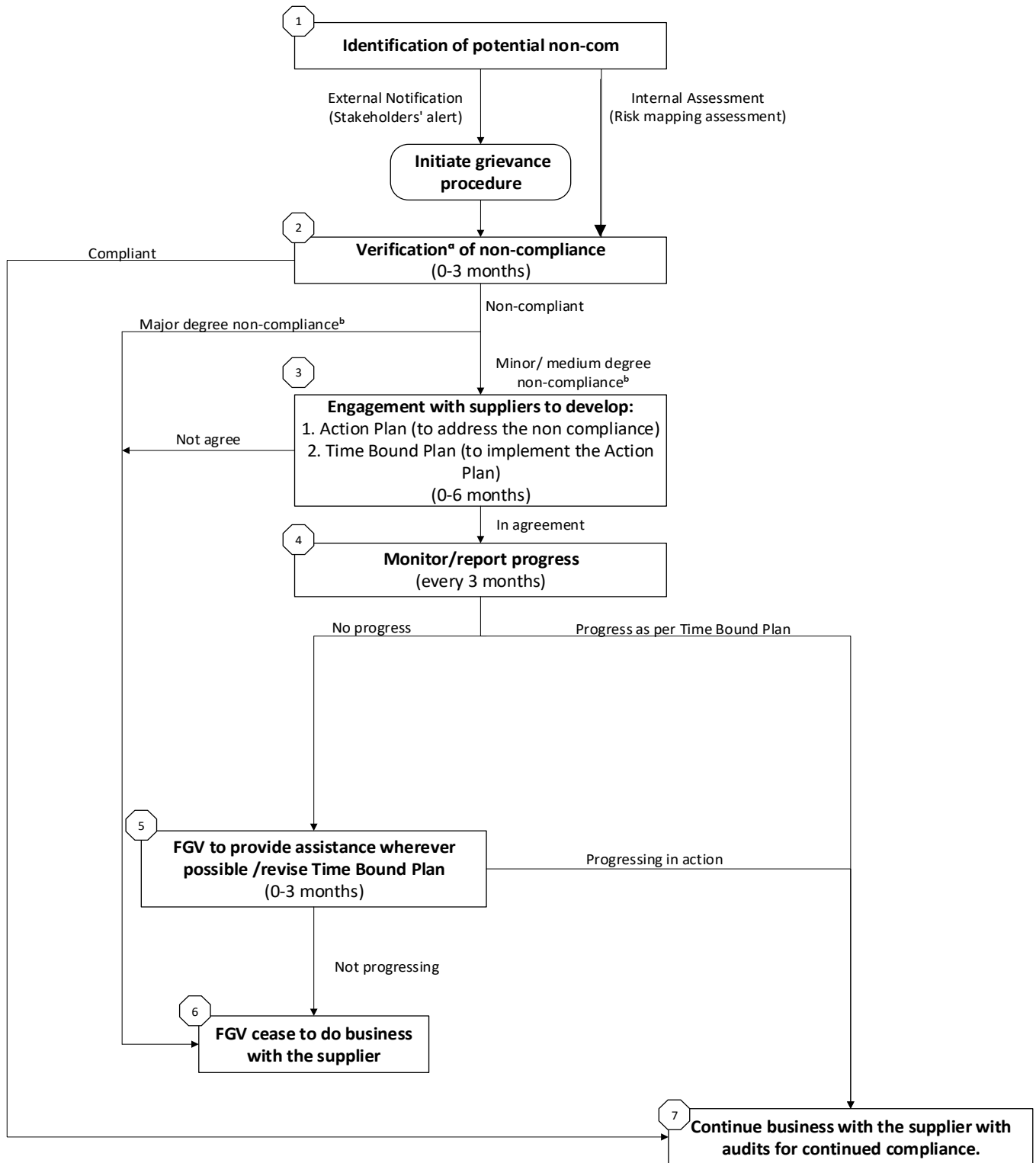
FGV is committed to ensuring our raw materials come from responsible sources and shall not source FFB from deforested areas. FGV uses the Global Forest Watch (GFW) Pro platform to trace and monitor deforestation activities around our own operation and of our suppliers. This platform is an open-source web application that monitors global deforestation rates in near real-time and can detect land-clearing activities that encroach into protected areas. We have communicated the use of this platform to all our top suppliers, along with our revised GSP and NDPE commitments as well as measured their sustainability risk levels using the platform. When there is a high risk of deforestation around our suppliers, we will verify if any of our suppliers are associated with deforestation activity around their area, and if they are found to be involved, they will be subjected to our Supplier Delinquency Guideline which may lead to their removal from our supply chain.

We also monitor deforestation activities that were alerted by our stakeholders. In 2021-2023, FGV received deforestation alerts as below: -

| Alert Year | Total area (ha) | Location | Alert Status/Findings |
|------------|-----------------|---|---|
| 2021 | 8,498 | Mukim Keratong | <ul style="list-style-type: none"> • Outside FGV & FELDA concession. • None of our suppliers are involved in the deforestation activity. |
| 2022 | 351 | Jengka 3 | <ul style="list-style-type: none"> • Outside FGV & FELDA concession. No FFB source from the area for FGV mills. • None of our suppliers are involved in the deforestation activity. |
| | 25 | Mukim Jemaluang, Johor PTD 1815 concession (2.29532, 103.90490) | <ul style="list-style-type: none"> • The deforested area is owned by one of our indirect FFB suppliers that is supplied through one of our FFB dealers, AA Sawit. • FGV had stopped receiving FFB from AA Sawit and engaged with them for a remedial and corrective action plan. However, FGV did not receive any response from AA Sawit and decided to cease business with AA Sawit. The last transaction with AA Sawit was in April 2022. |
| 2023 | 352 | Felda Belara | <ul style="list-style-type: none"> • Outside FGV & FELDA concession. • None of our suppliers are involved in the deforestation activity. |
| | 496 | Lepar Hilir 05 | <ul style="list-style-type: none"> • Outside FGV & FELDA concession. • None of our suppliers are involved in the deforestation activity. |
| | 712 | Felda Tersang 03 | <ul style="list-style-type: none"> • Outside FGV & FELDA concession. • None of our suppliers are involved in the deforestation activity. |
| | 110 | Jengka 2 | <ul style="list-style-type: none"> • Outside FGV & FELDA concession. • None of our suppliers are involved in the deforestation activity. |

3 GSP Compliance Framework

FGV uses our GSP Compliance Framework to manage any deforestation activity by its suppliers. The framework is illustrated as below: -



Footnote:

- a An audit by external party might be conducted when necessary
- b Based on Supplier Delinquency Guideline

4 Peatland area

FGV adheres to NDPE policy since the inception of its GSP in 2016. All the existing plantations on peat adopts the best management practice as stipulated in RSPO Best management Practices (BMPs) for Existing Oil Palm Cultivation on Peat.-Details of peatland in FGV areas are as below: -

| 1. Peatland area in FGVP estates (hectares) | | | |
|---|-----------------------|------------------|------------------|
| | Total Peatland | Planted | Unplanted |
| Rantau Abang 02 | 189.2 | 73.12 | 116.08 |
| Besout 06 | 496.92 | 496.92 | 0 |
| Kledang 02 | 405.37 | 381.9 | 23.47 |
| Tenggaroh 12 | 163.91 | 163.91 | '- |
| Bkt Aping Selatan | 14 | 14 | - |
| Sampadi 01 | 220.78 | 220.78 | - |
| Sampadi 03 | 282.87 | 217.22 | 65.65 |
| total | 1773.05 | 1567.85 | 205.2 |
| 2. Peatland area in Yapidmas and PUP estates | | | |
| | Total Peatland | Planted | Unplanted |
| Yapidmas | 42.82 | 42.82 | - |
| PUP- Subok | 285.45 | 285.45 | - |
| PUP-Hillco | 1,086.30 | 1,086.30 | - |
| total | 1,414.57 | 1,414.57 | 270.85 |
| 3. Peatland area in FGV Kalimantan estates | | | |
| | Total Peatland | Planted | Unplanted |
| PT TAA | 8179.53 | 2629 | 5,550.53 |
| PT CNP | 13,222.00 | 4661.3 | 8,560.70 |
| total | 21401.53 | 7290.3 | 14111.23 |
| | | | |
| Grand total | 24,589.15 | 10,272.72 | 14,587.28 |

5 No Open Burning/Use of Fire

Despite our best efforts to prevent any fires, there are still fire incidents occurring on and around our premises. The areas and sizes of the affected area are as below:

| Area /Year | Size of affected area (Ha) | | |
|------------|----------------------------|------|------|
| | 2020 | 2021 | 2022 |
| Malaysia | 4.16 | 15.5 | 0.6 |
| Indonesia | 0.77 | 7.5 | 4.71 |

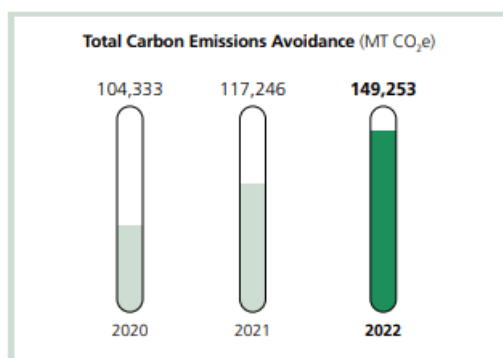
Spontaneous combustion of EFB during dry weather forms the bulk of fire incidences near palm oil mills in Malaysia while accidental or intentional burning by local communities is the primary cause of fire around our plantations in Indonesia.

6 Climate Action

6.1 Carbon Management

Our climate action is focusing on GHG emission Inventory, followed by GHG Management. We are committed to reducing FGV's GHG emissions by half in the medium term (by 2030) and to zero in the long term (by 2050), based on the baseline data in 2019. Our GHG Inventory and Management cover the emissions from all our 20 business units in three business sectors (Plantation, Sugar, Logistics, and Others) that were in operation in 2019. This starts with the identification of emission sources in each business unit, the collection of input and output data, and the GHG emissions calculation based on the 2006 Intergovernmental Panel on Climate Change (IPCC) Guideline and the GHG Protocol Corporate Accounting and Reporting Standard. In pursuance to fulfill our commitment, we have established an Environmental Policy Statement to enhance the Group's commitment to climate action and the environment and have been implementing various strategic initiatives to reduce our carbon footprint. We also have eight mills that are ISCC-certified to meet the demand for sustainable biofuel in Europe.

We capture methane gas released from 28 of our wastewater treatment plants to lower our GHG emissions. We have been monitoring the emissions avoidance of our biogas operations from the utilization of captured methane. In 2022, we recorded a 27% improvement in emissions avoidance as compared to 2021.



6.2 Water Use Intensity

To minimize the usage of water within our mill operations, we closely monitor water consumption on a daily, monthly, and yearly basis by benchmarking against our target of 1.2 cubic meters per metric tonne of FFB processed (MT of water: MT FFB Processed). We are committed to achieving this target by 2025.

From 2020 to 2022, our performance on water use intensity for our palm oil mills is as follows:

| Year | Performance (MT/MT FFB) | Target |
|------|-------------------------|--------|
| 2020 | 1.34 | 1.20 |
| 2021 | 1.33 | 1.20 |
| 2022 | 1.31 | 1.20 |

As for our refineries, our performance on water use intensity is as follows:

| Year | Water Intensity (m3/mt) | |
|------|-------------------------|--------------------------------|
| | Crude Palm Oil refining | Refined Palm Oil fractionation |
| 2021 | 0.42 | 0.32 |
| 2022 | 0.33 | 0.27 |

6.3 Water Quality (BOD and COD)

As FGV is committed to ensuring our operation does not give an adverse impact on the environment. We conduct daily, weekly, and monthly effluent performance monitoring that involves lab analyses and checks on the physical condition of our POME and PORE treatment systems. We continuously ensure that our discharge does not exceed the limit set by the Department of Environment (DOE) Malaysia. FGV will continue to make improvements to meet its internal target for POME and PORE by the end of 2023.

Our POME records in 2021 and 2022 are as follows:

| Regions | BOD3 Results in 2021 (mg/l) | BOD3 Results in 2022 (mg/l) |
|---|-----------------------------|-----------------------------|
| Northern, Central East and Central West | 73 | 71 |
| Southern | 66 | 54 |
| Sabah | 35 | 83 |
| Sarawak | 28 | 60 |

BOD legal limits for river discharge range from 20mg/L to 500mg/L across the regions where we operate. The limits may also vary depending on the year a mill was constructed.

PORE records in 2021 and 2022 are as follows:

| Month | COD Results in 2020 (mg/l) | COD Results in 2021 (mg/l) | COD Results in 2022 (mg/l) |
|----------------|----------------------------|----------------------------|----------------------------|
| Jan | 82 | 95 | 84 |
| Feb | 76 | 63 | 86 |
| Mar | 86 | 71 | 66 |
| Apr | 109 | 98 | 84 |
| May | 72 | 79 | 150 |
| Jun | 82 | 84 | 124 |
| Jul | 65 | 100 | 101 |
| Aug | 101 | 87 | 92 |
| Sep | 80 | 114 | 59 |
| Oct | 104 | 88 | 61 |
| Nov | 89 | 74 | 71 |
| Dec | 96 | 159 | 60 |
| Average | 87 | 93 | 86 |

COD regulatory limits ranges from 80 mg/L to 5,000 mg/L across the regions where we operate depending on permits.

7 Stakeholder Engagement

To avoid any conflict that may arise between the stakeholders and community, a series of stakeholder consultations have been conducted at 14 complexes since 2022 which were attended by local agencies, smallholders, Felda settlers, representatives from schools, clinics, and local authorities.

8 Independent Smallholder Consultation Programme

Smallholder farmers play a critical role in the palm oil industry, especially for FGV. In 2022, FGV sources 6,631,930 (46.5%) FFB for all our POM in Malaysia from the smallholder category. 45.1% of FFB from around 112,638 scheme smallholders (FELDA settlers) and 1.4% of FFB from more than 664 independent smallholders.

FGV maintains an ongoing collaborative effort with our smallholder partners to continuously improve their agricultural practices, aligning with our commitment to becoming a responsible and sustainable palm oil producer.

From 2022 to 2023, a total of 82% of smallholders (out of all invited smallholders) have been involved in our smallholder training program with the objective to provide them with training on technical advice on agronomy, industry awareness updates on the palm oil industry's development, challenges, and regulatory requirements.