

A large, light gray wireframe sphere is centered in the background. Several curved lines in dark blue, orange, and red sweep across the lower half of the page, starting from the left and curving upwards towards the right.

# Propelling Ahead. **Realising Opportunities.**

Annual Integrated Report **2020**



“

# PROPELLING AHEAD. REALISING OPPORTUNITIES.

The theme for our Annual Integrated Report 2020 **“Propelling Ahead. Realising Opportunities.”** accentuates our commitment towards achieving operational transformation of the plantation business, which continues to bear fruit and sustain our position as the World’s No. 1 palm oil producer.

While palm oil remains as our mainstay, FGV continues to realise opportunities in non-palm businesses that will potentially benefit our stakeholders. Additionally, progress was made in our corporate governance with attention given to integrating good governance and best practices into our operations and work culture.

The front cover visual features five (5) multi-coloured lines representing FGV’s three (3) core businesses namely Plantation, Sugar and Logistics & Others as well as our two (2) upcoming businesses, which are Integrated Farming and Consumer Products. The ascending lines conceptually illustrate our growth, progress and efforts toward attaining a sustainable future.

FGV will be better positioned to realise our vision to become a World-Class Agribusiness Group. This vision is aligned with the nation’s ambition as well as the Food and Agriculture Organisation’s call to address the 21<sup>st</sup> century global food security challenge.

”

[www.fgvholdings.com](http://www.fgvholdings.com)



# Inside This Report

## 2 ABOUT THIS REPORT

1

### WHO WE ARE

- 6 Change for the Better
- 7 Our Business Overview
- 12 Our Corporate Details
- 13 Our Group Structure
- 14 Our Organisational Structure
- 15 Our Achievements
- 16 2020 Key Event Highlights
- 22 FGV - In The News
- 24 5-Year Financial Highlights

2

### STATEMENT & DISCUSSION BY OUR LEADERS

- 28 Chairman's Statement
- 34 In Conversation with  
Group Chief Executive Officer
- 48 Group Financial Review
- 58 Group Strategy & Business Plan  
Review
- 64 Group Business Review

3

### HOW WE OPERATE

- 78 Our Value Creation Model
- 80 Our Operating Landscape
- 82 Listening to Our Stakeholders
- 85 Our Risks and Opportunities

4

### SUSTAINABILITY MATTERS

- 94 Our Sustainability Journey
- 96 Sustainability at Work
- 102 Theme 1: Responsible Business
- 118 Theme 2: Respecting Human Rights
- 140 Theme 3: Climate Action &  
Environment Protection

5

### HOW WE ARE GOVERNED

- 164 At a Glance - Board of Directors
- 166 Board of Directors' Profile
- 175 At a Glance -  
Group Management Committee
- 176 Group Management  
Committee Profile
- 192 Corporate Governance  
Overview Statement
- 227 Statement on Risk Management  
and Internal Control

6

### ADDITIONAL INFORMATION

- 242 Share Price Movement
- 243 Financial Calendar
- 244 Analysis of Shareholdings
- 248 Top 10 Properties of FGV Group
- 250 Additional Disclosure
- 259 Application of the Principles and  
Practices of the Malaysian Code on  
Corporate Governance 2017  
(MCCG 2017)
- 262 13<sup>th</sup> Annual General Meeting Notice
- 265 Administrative Details  
Proxy Form

## HOW TO GET OUR REPORT



#### GET IT

Download "QR Code Reader" app  
from Google Play (Android Market),  
BlackBerry AppWorld, App Store (iOS/  
iPhone) or Windows Phone Store



#### RUN IT

Run the QR Code Reader app and  
point your camera at the QR Code



#### ACCESS IT

Get access to the online  
Annual Integrated Report



# About This Report

**THIS IS FGV'S ANNUAL INTEGRATED REPORT (AIR) FOR THE YEAR ENDED 31 DECEMBER 2020 (FY2020), WHICH IS FGV'S 6<sup>TH</sup> AIR. IT IS A CULMINATION OF OUR EFFORTS TO PRIORITISE TRANSPARENCY AND ACCOUNTABILITY IN CONTINUING TO CREATE SUSTAINABLE VALUE FOR OUR STAKEHOLDERS.**

## OUR REPORTING SUITE

FGV's 2020 reporting suite comprises the following:



This report reflects the integrated approach we take in operating our business. The Six Capitals, as identified by the International Integrated Reporting Council (IIRC), have served as essential guides to help us achieve our strategic objectives. The capitals represent stores of value and each of them – Financial Capital, Natural Capital, Manufactured Capital, Intellectual Capital, Human Capital and Social & Relationship Capital – is important on how it impacts our business.

By reporting according to the Six Capitals, our stakeholders will be better informed and have a broader view of how the business strives to create net positive value. This approach also allows for more concise reporting and frames topics in the context of value creation over time.

To produce this report, we have followed the IIRC Framework and adhered to local reporting requirements, i.e. the Malaysian Code on Corporate Governance 2017 (MCCG 2017) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities Listing Requirements). We also strived to achieve Global Reporting Initiative Standards benchmarks on sustainability reporting.

## REPORTING SCOPE AND BOUNDARIES

This report contains information on the value creating activities that are material to the Group. Hence, the report has been confined to developments throughout FY2020 from 1 January 2020 to 31 December 2020. Unless otherwise stated, it covers all of FGV Holdings Berhad's businesses in Malaysia and the other countries we operate in. This includes operations over which we have full control of subsidiaries and joint ventures. We also report on other developments or information that may transcend our reporting boundaries but are considered highly material to the Group's performance.

This report details on a like-for-like basis without any major restatements. We have also embedded our sustainability disclosures throughout this report to demonstrate how we support value creation and how important sustainability is to the Group. Furthermore, this report includes all risks and opportunities material to our sustainability but does not estimate or forecast future impacts of our sustainability-related material matters.

For a holistic view of our business, this report should be read together with the information available on our website at:

[www.fgvholdings.com](http://www.fgvholdings.com)

## OUR MATERIAL MATTERS

During the year, we have reviewed the relevance of the material matters to our business and stakeholders' expectations. We have refreshed our stakeholder engagement and materiality assessment and a revised Materiality Matrix 2020 is presented in this report. We have applied the <IR> Guiding Principle: Materiality in assessing the information for inclusion in our report. This report focuses on issues, risks, opportunities, and challenges that may have a material impact on FGV and its ability to be a sustainable company that consistently delivers value to our shareholders and all stakeholders.



## REPORTING INTEGRITY

Following good governance practices, we have ensured that the information presented in this report is reliable, consistent and complete. To uphold report quality, this report has been reviewed by the Reporting Committee to ensure its compliance with the IIRC Framework and its fair representation of the performance of the Group against targeted value creation outcomes.

The report has further been reviewed by the Audit Committee and together with the Audited Financial Statements 2020, submitted to the Board for its final approval.

The external auditors have further supported our assurance by providing external assurance on our Financial Statements. They have read all other information and considered whether it is materially consistent with the Financial Statements or their knowledge obtained in the audit. The external auditors have also provided a limited assurance review on our Statement on Risk Management and Internal Control (SORMIC).

## FORWARD-LOOKING STATEMENTS

Where necessary, we have used forward-looking statements related to our Group's plans, objectives, strategies, future operations and performance. Such statements should not be taken as guarantees of the Group's future results as we remain subject to various possible scenarios of risks, uncertainties and assumptions. Actual results and outcomes may significantly differ from forward-looking statements. We make no expression or implied representation or warranty that the results targeted by these forward-looking statements will be achieved. The Group is also under no obligation to update these forward-looking statements or the historical information included in this report.

## OPPORTUNITIES FOR FEEDBACK

We welcome feedback and enquiries from our stakeholders and the public on our reporting. Improving our reporting practices and standards can only be done with their involvement and regular engagement throughout the year. Our Investor Relations team can be contacted through the various feedback channels listed in Our Corporate Details on page 12 and Communicating with Stakeholders on page 224.

## NAVIGATION ICONS

### STRATEGIC THRUSTS



**Operational Improvement**



**Products & Markets Penetration**



**New Growth Area**



**Financial & Capability Building**

### OUR SIX CAPITALS



#### Financial

This Capital consists of the pool of funds available to FGV that facilitate the adding of value to all other Capitals, including itself. FGV's pool of funds includes debt, equity or revenue generated from our business activities. It is critical for this resource to be sustained as the other Capitals require it to generate value.



#### Intellectual

Intellectual Capital consists of our research & development (R&D) capabilities that produce proprietary knowledge and other intellectual property that enable the Group to be more efficient and productive. The resultant higher-value products that are created along the palm oil value chain help to add value to all other Capitals.



#### Natural

All renewable and non-renewable environmental resources and processes that provide goods or services to support the past, current or future prosperity of the company. It includes emissions, water, waste, land, minerals and forests, along with biodiversity and its ecosystem.



#### Human

People competencies, capabilities and experience, and their motivations to innovate, including their alignment and support for the Group's governance framework, risk management, and ethical values along with the ability to understand, develop and implement the Group's strategy and motivations in improving processes, goods and services, including their ability to lead, manage and collaborate.



#### Manufactured

Physical objects (as distinct from natural physical objects) that are available to a company for use in the production of goods or the provision of services, including buildings, equipment and infrastructure (such as roads, ports and bridges etc).



#### Social & Relationship

Institutions and relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individuals' well-being and its licence to operate. Social and relationship capital include brand and reputation, common values and behaviours, key stakeholder relationships, and the trust and willingness to engage with its external stakeholders.



SECTION 1

# WHO WE ARE

- 6 Change for the Better  
Corporate Profile
- 7 Our Business Overview
  - 7 Our Vision / Our Mission / Our Organisational Values
  - 8 Our Presence
  - 10 Our Brands
- 12 Our Corporate Details
- 13 Our Group Structure
- 14 Our Organisational Structure
- 15 Our Achievements
- 16 2020 Key Event Highlights
- 22 FGV - In The News
- 24 5-Year Financial Highlights





FGV



Wisma FGV



# Change for the Better



“

**WE ARE PROGRESSING WELL WITH THE EXECUTION OF FGV'S BUSINESS PLANS THAT HAVE LED TO CHANGES FOR THE BETTER OF THE GROUP.”**

With palm oil remaining as the mainstay of the Group's business, the Board has been deliberately and carefully deploying appropriate resources into high value and synergistic businesses to mitigate the volatility of CPO prices.

To achieve our goals, the Board together with the management has fine-tuned a three-pronged business plan and strategy that involve strengthening FGV's palm oil business, developing new income from the circular economy and identifying adjacencies to existing revenue streams to optimise returns.

The Board will ensure this Business Plan provides benefits to our smallholders, especially FELDA settlers, whom we regard as our partners.



**439,275 Ha**

**Plantation Landbank**  
in Malaysia and Indonesia  
(including land under LLA with FELDA)



**68**  
**mills**

**100% MSPO and  
49% RSPO Certified**



**7**

**Rubber Processing  
Facilities**



**3**

**Research &  
Development Centres**



## Corporate Profile

FGV is the **world's largest producer of crude palm oil (CPO)**, accounting for **4%** of **total CPO production**.

FGV has been listed on the main market of Bursa Malaysia since 28 June 2012. It was initially incorporated as a commercial arm of the Federal Land Development Authority (FELDA) in 2007 to oversee investments in the upstream and downstream palm oil businesses as well as other agribusinesses.

We are focused primarily on three core businesses; Plantation, Sugar, and LO whilst growing two (2) new businesses, namely Integrated Farming and Consumer Products.

As an industry expert, we are committed to continuously drive a sustainable business, whilst tapping into new revenue streams from the circular economy to create more value for our stakeholders.



Scan QR Code to get more information  
about FGV Holdings Berhad

2



Sugar  
Refineries

2



Oleochemical  
Plants

1



Biodiesel  
Plant

47,497

Strong  
Workforce

\* including plantation  
workers





FGV's Plantation Business is dominated by the integrated oil palm upstream, downstream, rubber, R&D, trading and renewable value chain.



# 343,399 Ha

335,404 Ha (Palm Oil) 7,995 Ha (Rubber)

of Planted Area in Malaysia  
(inclusive land under LLA with FELDA)  
& Indonesia

## Plantation



# 2 mil MT

Annual Sugar Production  
Capacity

## Sugar

FGV's Sugar Business is by subsidiary MSM Malaysia Holdings Berhad (MSM), which is Malaysia's leading sugar producer with a 60% market share of the domestic market. MSM has two (2) refineries, the well-established refinery in Prai, Penang and a state-of-the-art facility in Tanjung Langsat, Johor with a total capacity of 2.05 million MT per year.



Vegetable Oil Storage with

# 955,290 MT

Capacity (inclusive Indonesia  
& Pakistan)



Pusat Penyelidikan  
Pertanian Tun Razak  
(PPPTR), Jerantut



Research Centre,  
Bandar Sahabat



Seed Production Unit



Analytical Laboratory



Research Centre



FGV Innovation  
Centre, Enstek





# OUR BUSINESS

## Downstream Facilities

- 6 refineries in Malaysia
- 2 refineries in Pakistan and Turkey
- 4 kernel crushing plants in Malaysia
- 1 oleochemical plant in Malaysia
- 1 oleochemical plant in USA
- 1 biodiesel plant in Malaysia

## Consumer Products

- Consumer Products with domestic and international customers
- 93 Stock Keeping Units (SKU)
- Market leader in cooking oil and margarine, with 40% and 42% domestic market share for SAJI and SERI PELANGI respectively



68 Palm Oil Mills  
producing approximately

**3 mil** MT CPO



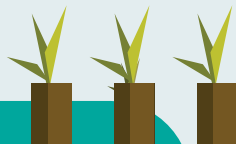
## Integrated Farming

Integrated Farming leverages on synergies within FGV to diversify into other forms of commercial agriculture such as dairy farming. In addition, it is part of FGV's circular economy and involves cultivating cash crops on marginal plantation land and producing animal feed from palm waste.

- Animal Feed & Nutrition
- Paddy & Rice
- Food & Cash Crops
- Integrated Dairy Cattle Business
- e-Commerce
- FGV Chuping Agro Valley

## 100% MSPO & 49% RSPO certified

- > 12,000 Ha oil palm plantations for R&D purposes
- Award-winning Yangambi planting material with 38% market share
- Fertiliser production > 700,000 MT



>500

Trucks  
& Cargoes

15

Transportation Hubs  
including HQ

4

Warehouses

## Logistics & Others (LO)



FGV's Logistics & Others (LO) facilitates the vertical integration of the Group's core businesses by connecting and controlling the flow of assets to drive group-wide efficiencies. LO owns and operates one of the world's largest bulking and storage facilities for vegetable and edible oils. It also operates more than 500 trucks inclusive of road tankers, general cargo trucks, box vans, curtainside trucks and four warehouses that are located in Shah Alam, Pasir Gudang, Kuantan and Pakistan.

*Note: All productions and operational figures are based on yearly average*







# Our Business Overview

We continue to strive to be better. Guided by the best practices, our aim is to create sustainable value. Together with strong, effective governance and prudent financial practices, we continue to tell our strategy objectively and transparently, to uphold the interests of all our stakeholders.

**FGV** is restoring confidence, enhancing capability and upholding integrity. We are determined to go beyond our comfort zones to create sustainable value for our stakeholders. We are ready to make better decisions, work more efficiently and provide a place for our employees to flourish.

## OUR VISION

To be among the **World's Leading Integrated and Sustainable Agribusinesses** and **Deliver Value** to customers and stakeholders

## OUR MISSION

To be a **global leader** by:

- Creating Value through our Human Capital
- Building an Integrated Value Chain Advantage
- The Embodiment of Governance and Compliance
- Cultivating Diversification in Commodities and Geography

## OUR ORGANISATIONAL VALUES

**P**

### PARTNERSHIP

Best solutions and ideas come from working with both colleagues (internal) and business partners (external).

**R**

### RESPECT

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

**I**

### INTEGRITY

Integrity is about trust, honesty and sincerity. In the context of FGV, 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 stakeholders and communities.

**E**

### ENTHUSIASM

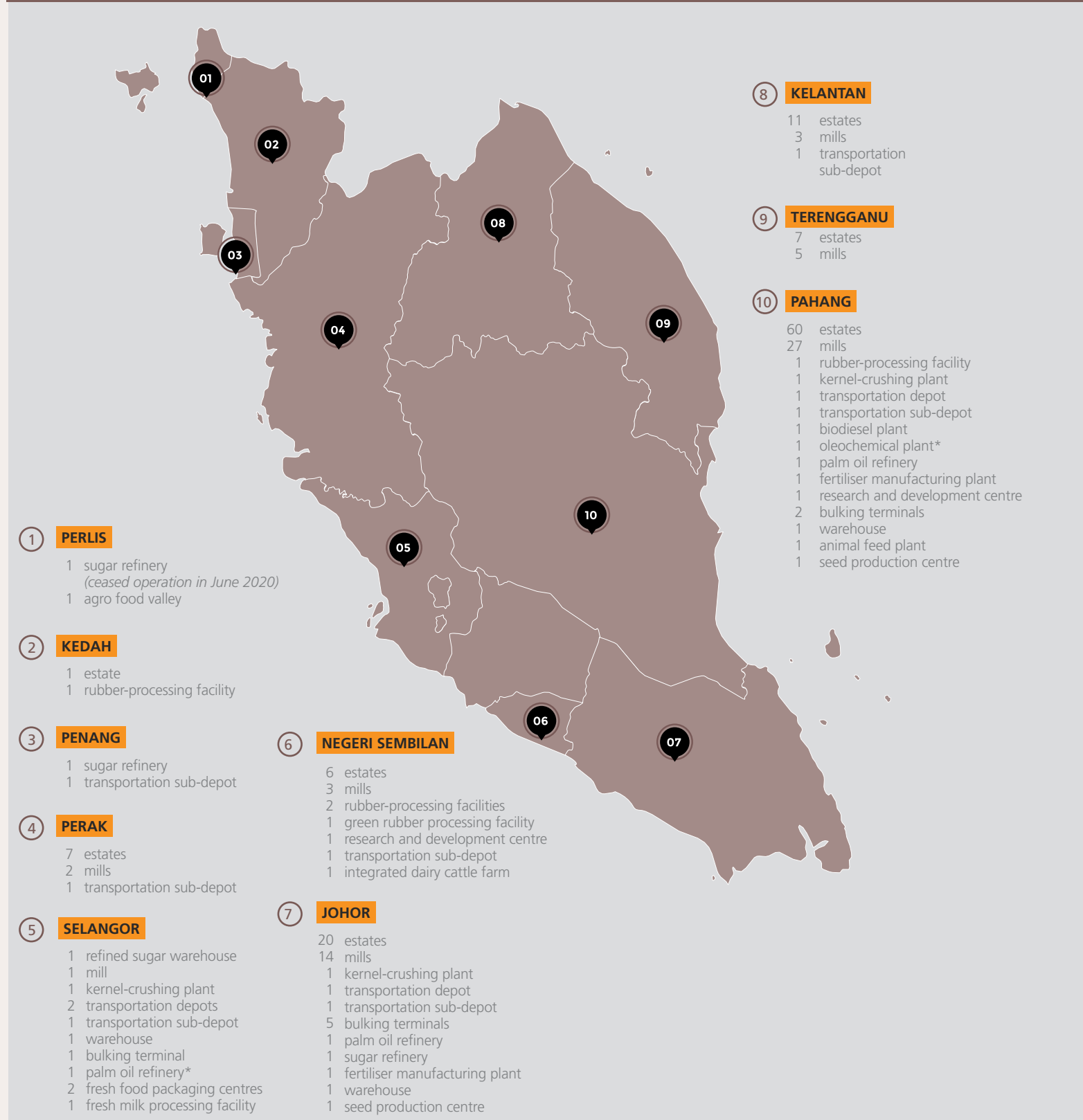
Strive to lead with passion and work with enthusiasm. We are enthusiastic about what we do, committed to the growth and future of our agri-businesses, while at the same time, propagating sustainable development around the world.



## Business Overview

# Our Presence

### MALAYSIA





**11 SARAWAK**

- 10 estates
- 2 mills
- 1 transportation sub-depot

**12 SABAH**

- 75 estates
- 11 mills
- 2 palm oil refineries
- 2 bulking terminals
- 1 fertiliser manufacturing plant
- 1 research and development centre
- 1 kernel-crushing plant
- 1 transportation depot
- 1 transportation sub-depot
- 1 jetty operation
- 1 power plant
- 1 seed production centre

**GLOBAL PRESENCE**

FGV operates in **9 countries** across **Asia, the Middle East, North America** and **Europe**.

**USA**

- 1 oleochemical plant

**SPAIN**

- 1 trading office\*

**FRANCE**

- 1 trading office\*

**TURKEY**

- 1 vegetable oil refinery\*

**CAMBODIA**

- 1 rubber-processing facility

**THAILAND**

- 1 rubber-processing facility

**PAKISTAN**

- 1 refinery complex\*
- 2 bulking terminals\*\*
- 1 trading office\*
- 1 jetty operation
- 1 warehouse

**INDONESIA**

- 5 estates
- 1 rubber-processing facility
- 1 bulking terminal

\* Joint Ventures (JV)

\*\* One of the two bulking terminals is a JV



## Business Overview

### Our Brands

FGV has a well-established portfolio of products and services that includes several award-winning brands. They are an affirmation of FGV's leadership in the agribusiness marketplace.

#### FOOD





## NON-FOOD



## SERVICES





# Our Corporate Details

as at 19 March 2021

## BOARD OF DIRECTORS

### Datuk Wira Azhar Abdul Hamid

Chairman

Non-Independent Non-Executive Director

### Dato' Yusli Mohamed Yusoff

Deputy Chairman

Independent Non-Executive Director

(Redesignated on 2 March 2020)

### Dato' Amiruddin Abdul Satar

Non-Independent Non-Executive Director

(Appointed on 26 October 2020)

### Datuk Mohd Anwar Yahya

Independent Non-Executive Director

### Dr. Mohamed Nazeeb P. Alithambi

Independent Non-Executive Director

### Datin Hoi Lai Ping

Independent Non-Executive Director

### Dr. Zunika Mohamed

Non-Independent Non-Executive Director

(Appointed on 10 February 2020)

### Dato' Shahrol Anuwar Sarman

Non-Independent Non-Executive Director

(Appointed on 17 November 2020)

### Dr. Nesadurai Kalanithi

Independent Non-Executive Director

### Dato' Dr. Noor Zari Hamat

Non-Independent Non-Executive Director  
(Ceased as Non-Independent Non-Executive Director on 22 January 2020)

### Dato' Dr. Othman Haji Omar

Non-Independent Non-Executive Director  
(Resigned as Non-Independent Non-Executive Director on 26 October 2020)

### Mohd Hassan Ahmad

Non-Independent Non-Executive Director  
(Resigned as Non-Independent Non-Executive Director on 31 October 2020)

## GROUP CHIEF EXECUTIVE OFFICER

Dato' Haris Fadzilah Hassan

## COMPANY SECRETARY

Koo Shuang Yen

(MIA 7556)

## REGISTERED OFFICE

Level 21, Wisma FGV  
Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia

Tel : +603 2789 0000  
Fax : +603 2789 0001  
Website : [www.fgvholdings.com](http://www.fgvholdings.com)

## INVESTOR RELATIONS AND ENQUIRIES

Fairul Nizam Che Rus

Head of Investor Relations

Level 20, Wisma FGV  
Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia

Tel : +603 2789 0000  
E-mail : [fgv.investors@fgvholdings.com](mailto:fgv.investors@fgvholdings.com)

## PLATFORM FOR SHAREHOLDERS/STAKEHOLDERS TO CONVEY CONCERNS

Dato' Yusli Mohamed Yusoff

(Deputy Chairman, assumes the role of the Senior Independent Director)

E-mail : [sid@fgvholdings.com](mailto:sid@fgvholdings.com)

## SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

Registration No.: 199601006647 (378993-D)  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel  
(Help Desk) : +603 7890 4700  
Fax : +603 7890 4670  
Website : [www.boardroomlimited.com](http://www.boardroomlimited.com)  
E-mail : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

## AUDITORS

PricewaterhouseCoopers PLT

(LLP0014401-LCA & AF 1146)  
Chartered Accountants  
Level 10, 1 Sentral, Jalan Rakyat  
Kuala Lumpur Sentral  
P.O. Box 10192  
50706 Kuala Lumpur  
Malaysia

Tel : +603 2173 1188  
Fax : +603 2173 1288  
Website : [www.pwc.com/my](http://www.pwc.com/my)

## STOCK EXCHANGE LISTING

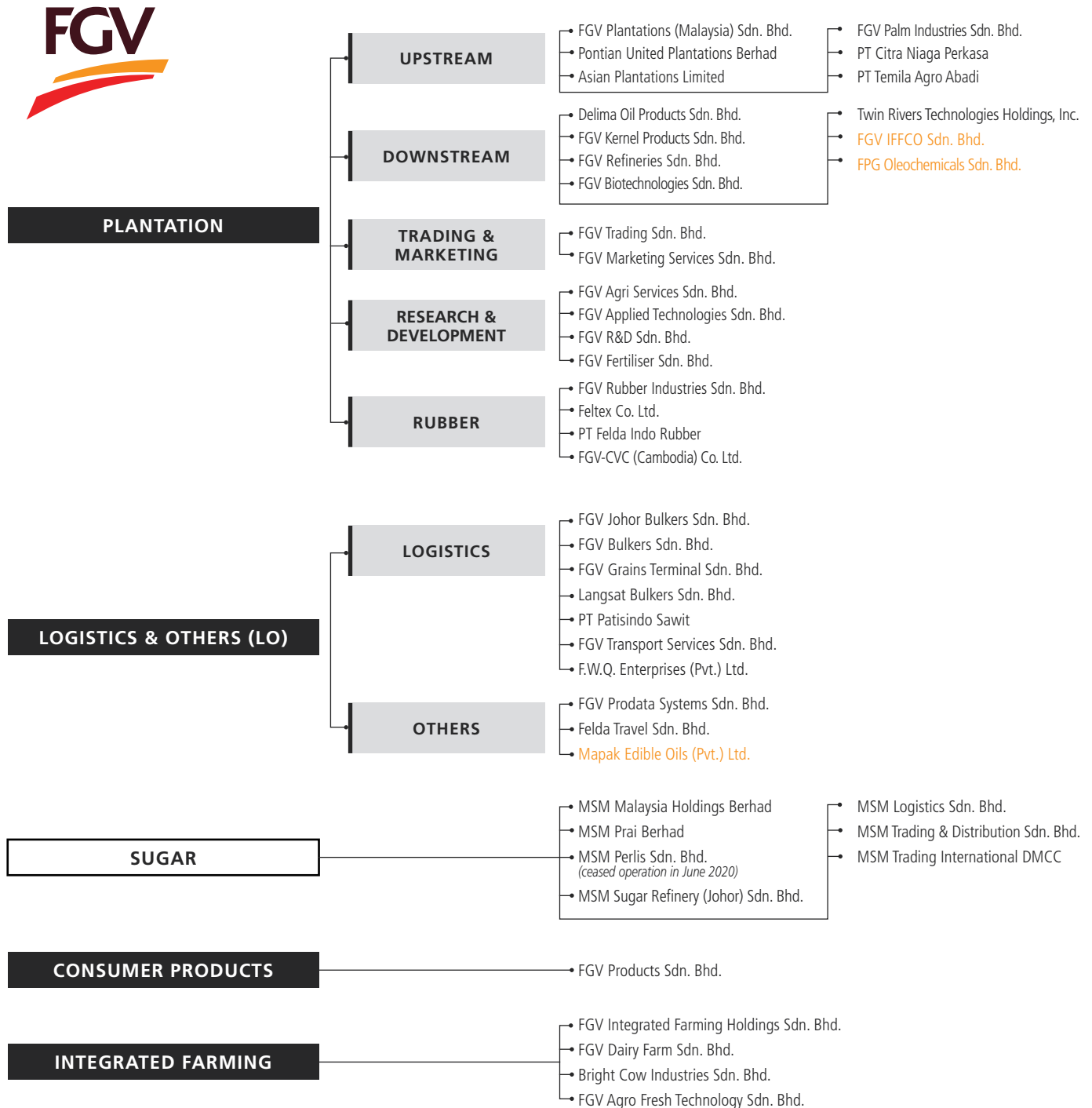
Listed on Main Market of  
Bursa Malaysia Securities Berhad

Listing Date : 28 June 2012  
Stock Name : FGV  
Stock Code : 5222  
Stock Sector : Plantation

 @fgvholdings  FGV Holdings Berhad  
 @fgvholdings  FGV Holdings Berhad



# Our Group Structure



Subsidiaries □

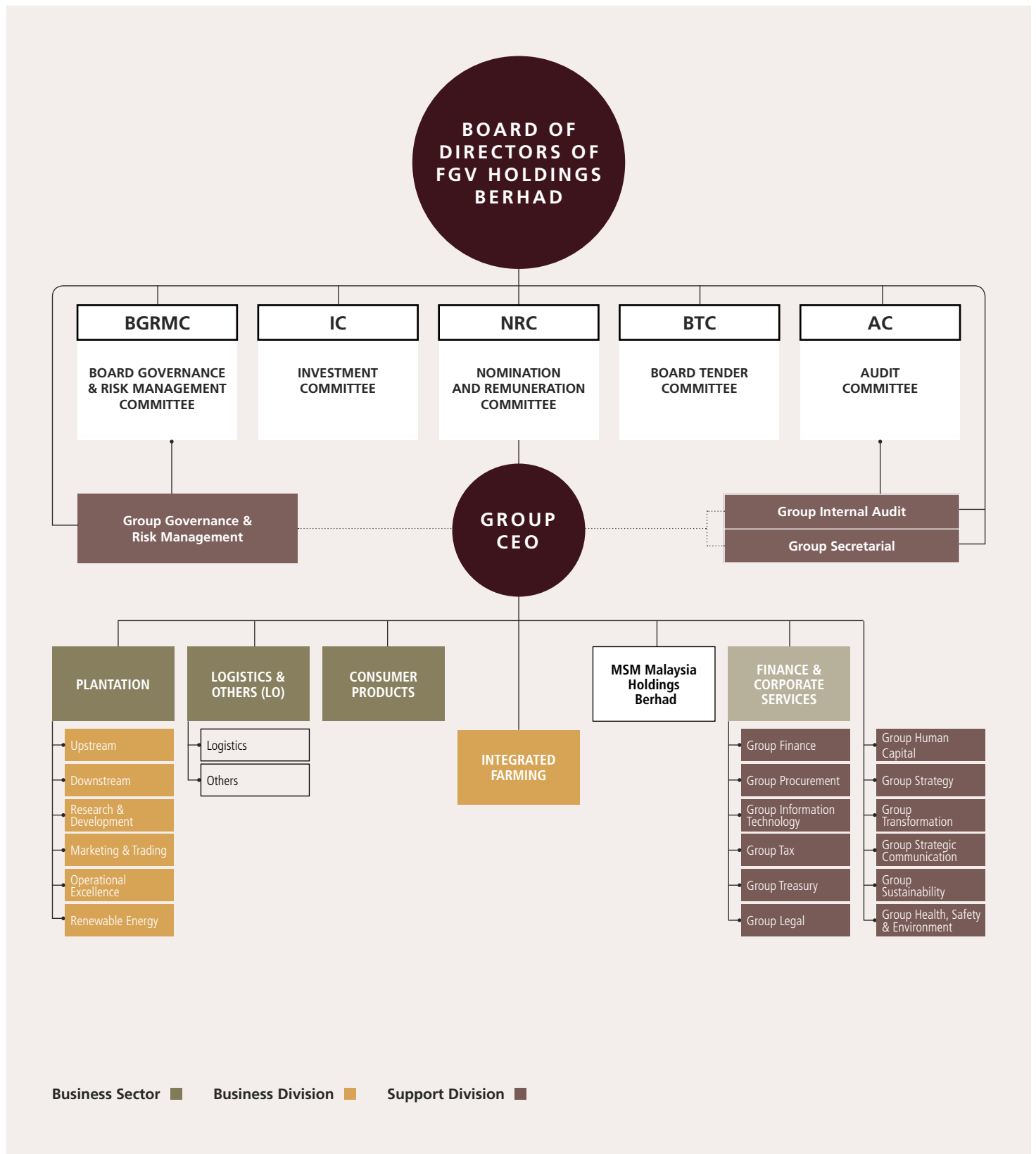
Joint Ventures ■

**Note:**

For the full list of entities, please refer to FGV's Audited Financial Statements 2020, available on our website at [www.fgvholdings.com](http://www.fgvholdings.com)



# Our Organisational Structure





# Our Achievements



## Certificate of Accomplishment, Quality Environment Management System (QE/55)

Awarded by Malaysia Productivity Corporation

*Kilang Sawit Maokil,  
Kilang Sawit Besout,  
Ladang Tembangau 6,  
Ladang Maokil 7,  
Kilang Sawit Embara Budi  
and Kilang Getah Palong 8*



## IKM President Award 2020 for Corporate Laboratory

Malam Kimia 2020



## Best New Reseller Award 2019

Awarded by Internet NOW



## Best GLC Partner

Acer Malaysia Commercial Awards 2019



## Renewable Energy (Cogeneration) Category

National Energy Awards 2020



## IKM Laboratory Excellence Award

Malam Kimia 2020

## 38th MSOSH OSH Award Ceremony 2020

Gold Class I  
*Ladang Sawit Palong 18, FGVPM*

Gold Class II  
*Ladang Sawit Krau 04,  
Ladang Sawit Aping Selatan,  
Ladang Sawit Setiu 01,  
FGVPM, Unit Biak Baka Sabah,  
FGV R&D, Stesen Penyelidikan Sahabat 17  
and FGVAS*

Silver Award  
*Ladang Sawit Aring 03, FGVPM*

## Silver, Best Annual Report in Bahasa Malaysia Category

National Annual Corporate Report Award (NACRA) 2020





# 2020 Key Event Highlights



10 & 11 JANUARY



## Pakistan Edible Oil Conference (PEOC 2020)

FGV Holdings Berhad (FGV) was one of the Platinum sponsors for the fifth Pakistan Edible Oil Conference (PEOC 2020) in Karachi, Pakistan. Through strong relationship under the Malaysia-Pakistan joint venture and our partnership with the Westbury Group, Pakistan, PEOC is one of our strategic avenues to expand and strengthen FGV's presence in Pakistan.



19 JANUARY



## FGV Run @ KL Car Free Morning

Hundreds of Wisma FGV employees and their families participated in the fun run, which encourages a healthy lifestyle such as cycling, running and walking as part of the KL car free morning initiative.



21 JANUARY



## Program Back To School FGV

Zakat contribution to 75 asnaf students at SK Lelaki Jalan Batu, Kuala Lumpur, including students of the Special Education Integration Programme. A portion of the zakat was also used to upgrade the school's assembly square. Part of FGV's community programme, the school is located opposite Wisma FGV at Jalan Raja Laut.



21 JANUARY



## Launch of Desktop Management Services for Pos Malaysia Berhad by FGV Prodata

FGV Prodata Services Sdn. Bhd. secured a contract to track and manage assets of Pos Malaysia nationwide.



31 JANUARY



## FGV Appreciates Its Migrant Workers

FGV presented umrah packages to two Indonesian workers as appreciation for their long service with FGV.





Corporate



Corporate Responsibility



13 FEBRUARY

**FGV R&D Day**

FGV R&D Sdn. Bhd. held a two-day exhibition at Wisma FGV to showcase its 50 years of R&D expertise and capabilities in palm oil, as well as new advancements in other strategic crops.



14 FEBRUARY

**FGV Diversifies into New Revenue Streams**

FGV bought a 60% equity in RedAgri Farm Sdn. Bhd. for RM10 million, marking the Group's entry into the dairy farming business and fresh milk processing. The acquisition of RedAgri, which owns the Bright Cow brand of dairy products, enables FGV to create more value from its existing resources and tap into synergies within the palm-based circular economy.



17 FEBRUARY

**FGV Awards Night and FGV Golden Voice**

The FGV Awards Night was attended by nearly 1,000 staff nationwide, representing all businesses in the Group. Themed 'Let Us Celebrate You', the event was also attended by Chairman, Datuk Wira Azhar Abdul Hamid and several members of the Board. The FGV Golden Voice event also took place with the participation of staff from all over Malaysia.



20 FEBRUARY

**B20 Biodiesel Programme  
Launching Ceremony for the  
Transportation Sector**

The Government has implemented the B20 Biodiesel Programme in phases throughout Malaysia starting in Langkawi, Sarawak and Sabah in 2020 and in Peninsular Malaysia by June 2021. In 2019, FGV was directly involved in testing Biodiesel B20 with MPOB for six months using three vehicles owned by FGV Transport Services Sdn. Bhd. It is FGV's commitment in supporting the Government's initiative to implement a biodiesel programme for the transportation sector.



3 MARCH

**FGV Achieves ACCA Certified Employer Status**

The attainment of the Approved Employer status symbolises the support provided for our bright accountants within the Group for their Continuing Professional Development (CPD) needs and demonstrates the effectiveness of FGV's in-house employee development programmes which are at par with global accounting best practices.



## 2020 Key Event Highlights



18 MARCH



### Yangambi ML161 Third Shipment to India

FGV Agri Services Sdn. Bhd. has successfully made the third delivery of Yangambi ML161 seeds to customers in India.



21 MARCH



### FGV Workers Rescued Trapped Elephants in Sahabat 50 Estate, Sabah

Four elephants trapped overnight in the Sahabat 50 estate's pond in Lahad Datu, Sabah were successfully rescued by several FGV workers. The workers worked for two hours to level down the side of the pond, allowing the elephants to escape safely into the nearby forest. The presence of our workers working under the Movement Control Order enabled the rescue efforts to be done quickly without the need of external assistance.



MARCH - APRIL



### 13,000 FGV Food Relief Bags (FGV FReB) Successfully Distributed

In the cause of humanitarian and social responsibility, FGV has taken the initiative to provide assistance to the B40 and community in need during the Movement Control Order through the FGV Food Relief Bag (FGV FReB) programme.

9 APRIL



**Malaysian Palm Oil Association**



### Malaysian Palm Oil Association

FGV contributed an amount of cash to Malaysia Palm Oil Association (MPOA) to purchase medical equipment and supplies to mitigate the spread of COVID-19.



APRIL



### FGV Prodata, the Backbone to the IRB MALAYSIA System

FGV Prodata has been entrusted to develop and regulate Customer Service System as well as System Customer Information for Care Results Line (HCL) and Recovery Call Results Center (HRCC) belonging to the Inland Revenue Board Malaysia (IRBM). The system has been operating for almost one year in Bangi, Selangor and also at the Malaysian Taxation Academy (APM) in Kuching, Sarawak.



22 APRIL



### FGV Returns Tithes to PPZ-MAIWP and MAIPk

FGV returns RM100,000 in wakalah zakat funds to the Federal Territories Islamic Religious Council's Zakat Collection Centre (PPZ-MAIWP) in order to be channelled to the Musa'adah Khaira PPZ Fund specifically to assist B40 families, hawkers, small traders, daily wage workers, and individuals affected by the shortage of income as a result of the COVID-19 pandemic.

FGV also returned the wakalah zakat funds received from the Islamic Religious Malay and Customs Council Perak (MAIPk) amounting to RM26,434.75, which was part of business zakat paid in 2019. The amount was channelled to MAIPk's emergency fund to assist government hospitals and clinics in Perak to combat the COVID-19 pandemic.





Corporate



Corporate Responsibility



24 APRIL - 30 MAY



### Kongsi Rezeki Seikhlas Hati

"Kongsi Rezeki Seikhlas Hati" is a marketing campaign to build awareness of FGV as a caring corporation that assisted those in need during the COVID-19 pandemic.



19 JUNE



### FGV's First Virtual Annual General Meeting 2020

Shareholders approved all resolutions during FGV's 12th Annual General Meeting (AGM). FGV's Chairman Datuk Wira Azhar Abdul Hamid announced that the Board of Directors of FGV had unanimously agreed to take a 20% cut in Board fees, with effect from 1 July 2020 until 31 December 2020. Additionally, the Senior Management agreed to a 20% reduction of Senior Management's car allowance from July to December 2020 and 6.67% reduction of Senior Management's basic salary due to two (2) days unpaid leave per month from July to December 2020.

MAY - NOVEMBER



### Box Of Hope

This programme was to help FGV brands to sustain the business and at the same time contribute to B40 families affected by the COVID-19 pandemic.



23 JUNE



### FGV Supports Sabah Frontliners to Fight COVID-19

FGV Plantations (Malaysia) Sdn. Bhd. (FGVPM) and FGV Palm Industries Sdn. Bhd. (FGVPI), have stepped forward to assist frontliners in Sabah to curb the spread of the COVID-19 pandemic by distributing financial aid to several government agencies and the local community. The priority of the contribution was the purchase of personal protective equipment (PPE) for frontliners at Lahad Datu Hospital and the Lahad Datu Health Department, government agencies in Lahad Datu including the District Police Station, the Malaysian Civil Defence Force and the District Council.



### #mySPACE4Change programme

To raise awareness of Sustainable Development Goals (SDGs), Global Compact Network Malaysia (GCMY), the local network for Global Compact UN, launched the #mySPACE4Change programme to educate Malaysians on sustainability issues in the country. As a company that promotes sustainability, FGV is proud to be one of the pioneering companies for this #mySPACE4Change programme that is also promoted on the corporate website, social media and FGV intranet portals.



3 JULY



### FGV Aids Rescue Mission and Covers Treatment Costs of Injured Borneo Elephant in Sabah

Following the rescue of a baby Borneo elephant by plantation workers at Sahabat 54 near Tabin Reserve Forest border in April 2020, FGV announced that it will assist the Sabah Wildlife Department (SWD) by covering the cost of its treatment and care estimated at RM16,000.00 for three to six months of the adoption programme depending on Sahabat's recovery status and readiness to be released back into the wild. The two-year-old Borneo elephant named 'Sahabat', was found wandering around the plantation area by FGV workers.



10 JULY



## 2020 Key Event Highlights



### Signing Ceremony between FGV and ISP Management Sdn. Bhd.

FGV's subsidiary FGV Plantation (M) Sdn. Bhd. (FGVPM) and ISP Management (M) Sdn. Bhd. (ISPM) signed a Memorandum of Collaboration (MOC) to explore a partnership to provide training for estate managers, assistant managers and supervisors to enhance their knowledge and capabilities in oil palm estate operations.



### GCEO Virtual Townhall

The virtual GCEO Townhall was a historic event for FGV Group as it was the first time the session was viewed simultaneously at over 282 locations nationwide as well as in Indonesia and the United States.



### Sun Bears Released

In conjunction with Malaysia's 63<sup>rd</sup> Independence Day, FGV celebrated the 'independence' of two sun bears that were successfully released into their natural habitat in Taman Negara, Tasik Kenyir. Led by the Department of Wildlife and National Parks Peninsular Malaysia, Universiti Kebangsaan Malaysia and the Malaysian Nature Society, the event was funded by FGV. The two female sun bears were rescued and underwent a two-year rehabilitation at the National Wildlife Protection Center under FGV's Sun Bear Conservation Programme (SBCP).



### FGV Channels RM5 Million Annually For Corporate Social Responsibility Programme

FGV contributes RM5 million annually to Yayasan FELDA (YF) as part of the Group's corporate social responsibility. Part of this annual allocation is also distributed to the FELDA Haemodialysis Center (PHF) which is run by YF. The centre provides kidney dialysis treatment for the B40 group that includes patients who do not have sponsorship or insurance coverage.



### Kelab Sukan FGV (KSFGV) Holds First General Meeting

The establishment of this sports club is to encourage the active participation of FGV staff in sports and recreational activities in line with the values of PRIDE. The AGM was attended by about 110 members who also voted on KSFGV's Main Committee and chose the club logo.



### Management team visit to Triang Biogas 2MW Powerplant

On 1 October 2020, three (3) of FGV's senior management, Dato' Haris Fadzilah Hassan, Group Chief Executive Officer, Dato' Mohd Hairul Abdul Hamid, Group Chief Financial Officer, and Dato' Najmuddin Abdullah, Group Chief Strategic Communication Officer visited FGV Palm Industries Sdn. Bhd.'s Kilang Sawit Triang in Pahang. The objective of the visit was to get a better understanding of renewable energy initiatives especially in biogas to Feed-in Tariff electrical generation from waste in palm oil mills and how they can be utilised to benefit the surrounding population and generate more income to the Group.



### World Halal Conference 2020 Webinar

The uncertainty brought about by the COVID-19 pandemic has caused unforeseen disruptions in the supply chain of Halal consumer products. Farhan Hafetz, Senior General Manager of Delima Oil Products, a subsidiary of FGV, shared his thoughts during the recent World Halal Conference 2020 webinar on ways to improve the supply chain to guarantee continuous Halal food supplies.







Corporate



Corporate Responsibility



19 OCTOBER



### Meeting with MPIC

A courtesy visit to the Ministry of Plantation Industries and Commodities (MPIC) led by FGV's Group Chief Strategic Communication Officer, Dato' Najmuddin Abdullah together with Group Chief Strategy Officer, Salman Ghazali and Head of Group Sustainability, Nurul Hasanah Ahamed Hassain Malim to exchange views and discuss issues and challenges related to the country's palm oil sector. FGV also updated on the company's commitments and steps taken to address the US Customs WRO.



28 OCTOBER



### MSOSH's OSH Award 2020

An annual award presented to organisations in Malaysia with proven outstanding Occupational Safety and Health performance. FGV won seven awards in OSH Award 2020 listed as follows:

**Gold Class I** - Ladang Sawit Palong 18, FGVPM

**Gold Class II** - Ladang Sawit Krau 04, Ladang Sawit Aping Selatan, Ladang Sawit Setiu 01, FGVPM, Unit Biak Baka Sabah, FGV R&D, Stesen Penyelidikan Sahabat 17, FGVAS

**Silver Award** - Ladang Sawit Aring 03, FGVPM



25 NOVEMBER



### FGV Wins Renewable Energy Award for Three Consecutive Years at the National Energy Awards 2020

FGV Palm Industries Sdn. Bhd. (FGVPI), won the National Energy Awards 2020 in the Renewable Energy (Cogeneration) category for three consecutive years since 2018. The project awarded is FGVPI's Sahabat Biomass Cogeneration Plant (SBCP) which utilises Empty Fruit Bunches (EFB), a palm waste by-product to produce steam and electricity. The biomass power plant is located in FGV's Sahabat Complex in Lahad Datu, Sabah. This award is a testament to FGV's continuous commitment in renewable energy, as well as in supporting the nation's agenda towards a more sustainable future.



DECEMBER



### Embara Budi Palm Oil Mill Achieves Highest 3 Star Recognition for Quality Environment Management System (QE/5S) Certification

Embara Budi Palm Oil Mill, Lahad Datu, Sabah has been awarded the "3 Star" Quality Environment Management System (QE/5S) Certification by the Malaysia Productivity Corporation. This is the highest achievement recorded by any palm oil mill in Malaysia.



23 DECEMBER



### Palong 8 Rubber Factory Achieves 2 Star Recognition for Quality Environment Management System (QE/5S) Certification

FGV Rubber Factory in Palong 8 has been awarded a QE/ES5 Certification with 78.8% marks. FGV is very proud of the remarkable achievement as it is the first-ever rubber factory in Malaysia to be awarded with the certification.



# FGV - In The News



**FGV Achieves 100% MSPO Certification**



**FGV to Start Direct Presence in the Indian Food and Agri-Based Product Market - Forms a 70:30 JV company with Pre-Unique India Pvt Ltd**



**Higher CPO prices see FGV post 2Q net profit of RM20.55m**



**FGV's Subsidiary Wins MCMC Project**



**FGV to Develop Agro Food-Valley in Chuping, Perlis - Synergistic Development on MSM Land**



**FGV Pioneers Cashless Payroll for Plantation Workers**



**13,000 FGV Food Relief Bags (FGV FrEB) Successfully Distributed**



**FGV Introduces Model Plantation Concept for the Transformation of its Estates and Mills' Operations**



**FGV Unveils New SAJI Product Range**



**FGV Announces Action Plan to Enhance Labour Practices**



**Newly-added Fleet Strengthens FGV's Logistics Business**



**FGV PRODATA Wins MINDEF ICT Hardware Maintenance Contract**





**Statement on FGV's Commitment to Human Rights**



**Community Learning Centres: FGV's Commitment to Respecting the Rights of the Child and the Right to Education**



**FGV Ventures into End-to-end E-commerce Ecosystem with GOGOPASAR**



**FGV Expands its Rubber Business to Europe and North America**



**FGV's Biggest Renewable Energy Biogas Power Plant Powers Up 15,000 Homes in Pahang**



**28,000 FGV Foreign Workers Enjoy Various Plantation Worker Health Benefits**



**FGV Invested RM350 Million for Plantation Workers' Housing**



**FGV to Achieve 100 Percent Traceability of Fresh Fruit Bunches Supply Chain by Q4 2021**



**FGV Transport Receives JAKIM Halal Logistics Certification**



**FGV Announces Additional 35,600 MT Storage Tanks to Fulfil Market Demands**



**FGV Pays RM1.63 million Business Zakat to PPZ-MAIWP**



# 5-Year Financial Highlights

	2020	2019	2018	2017	2016
Operating Results (RM Million)					
Revenue	<b>14,076</b>	13,259	13,464	16,939	17,241
Operating profit/(loss)	<b>445</b>	(194)	(815)	485	377
Profit/(loss) before taxation and zakat	<b>346</b>	(339)	(1,025)	403	260
Profit/(loss) attributable to Owners of the Company	<b>146</b>	(246)	(1,081)	131	31
Key Balance Sheet Data (RM Million)					
Property, plant and equipment	<b>7,810</b>	8,190	8,501	8,392	10,074
Total assets	<b>17,180</b>	17,702	18,992	20,833	21,092
Total borrowings	<b>4,293</b>	4,907	5,403	5,498	5,580
Total liabilities	<b>11,079</b>	11,601	12,388	13,002	12,871
Shareholders equity	<b>4,262</b>	4,173	4,465	5,577	6,118
Share Information					
Earnings per share (sen)	<b>4.0</b>	(6.7)	(29.6)	3.6	0.9
Dividend per share (sen)	<b>3.0</b>	2.0	Nil	5.0	1.0
Net asset per share (RM)	<b>1.17</b>	1.14	1.22	1.53	1.59
Share price as at reporting date (RM)	<b>1.28</b>	1.52	0.71	1.69	1.55

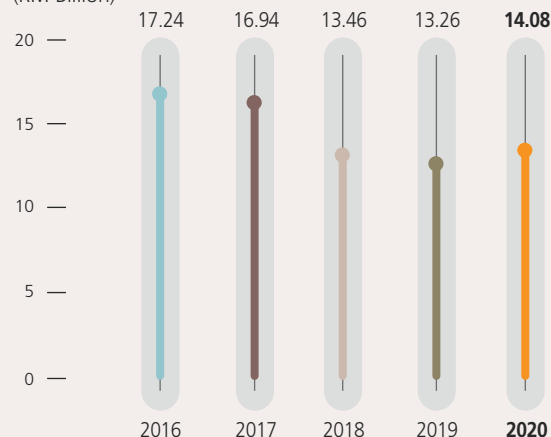
**Note:**

Financial highlights in previous years are based on latest restated amount in accordance to change in accounting policy and application of new MFRS.

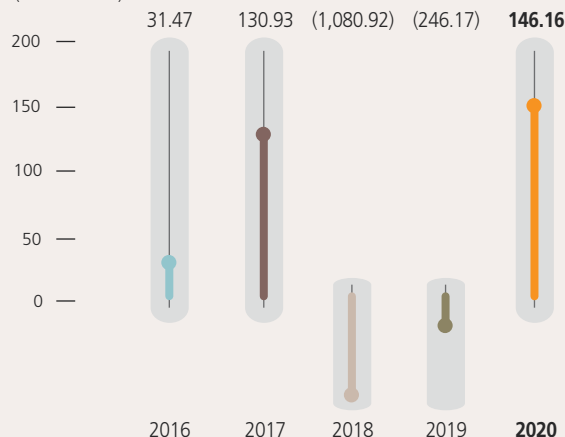


**REVENUE**

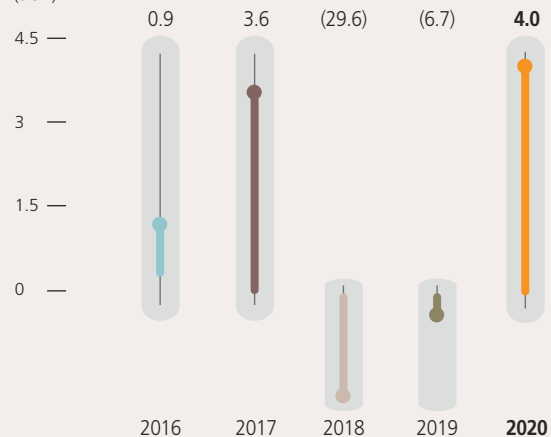
(RM Billion)

**PROFIT / (LOSS) AFTER TAX AND MINORITY INTEREST**

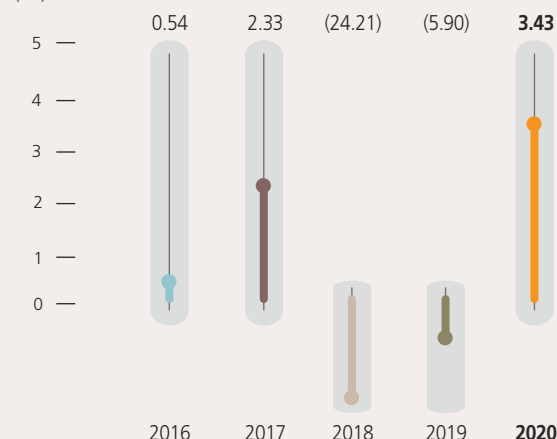
(RM Million)

**EARNINGS PER SHARE**

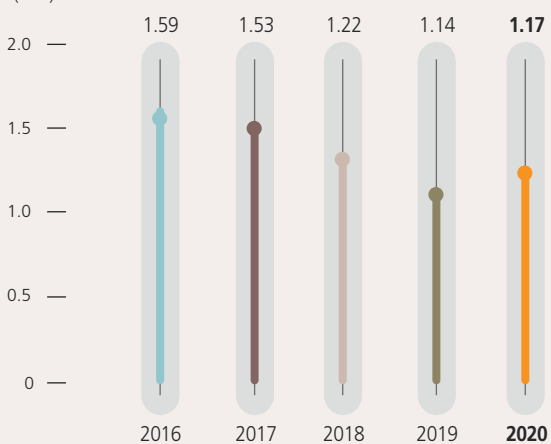
(Sen)

**RETURN ON SHAREHOLDERS' FUND**

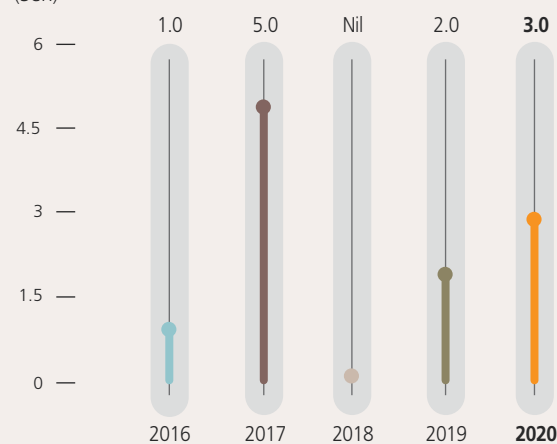
(%)

**NET ASSET PER SHARE**

(RM)


**DIVIDEND PER SHARE**

(Sen)

**Note:**

Financial highlights in previous years are based on latest restated amount in accordance to change in accounting policy and application of new MFRS.



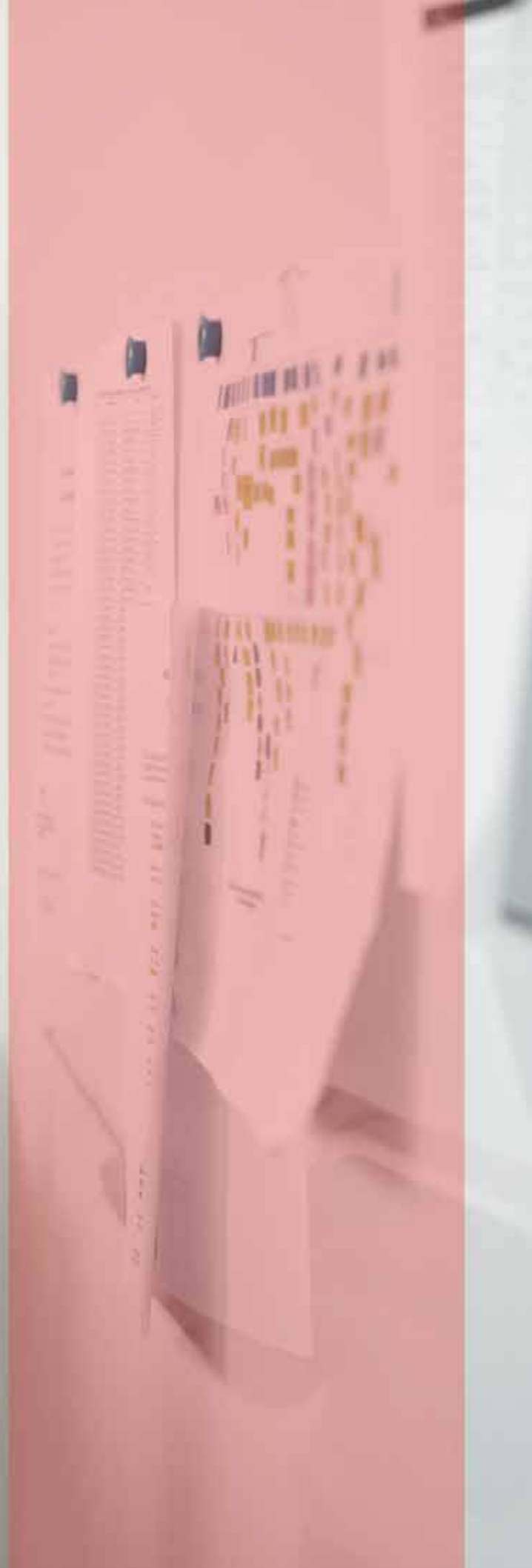


SECTION 2

# STATEMENT & DISCUSSION BY OUR LEADERS

28	Chairman's Statement
34	In Conversation with Group Chief Executive Officer
48	Group Financial Review
58	Group Strategy & Business Plan Review
64	Group Business Review







# Chairman's Statement

THE BOARD MADE A STRATEGIC  
DECISION THAT FGV'S JOURNEY  
SHOULD BE CLEARER AND BROADER.

---

by  
**DATUK WIRA AZHAR ABDUL HAMID**  
Chairman

**Dear Stakeholders,  
2020 was the year the  
COVID-19 pandemic  
wreaked havoc across the  
world, forcing nations into  
lockdown and economies  
into retreat. Both at  
national and company  
levels, strategies and  
plans had to be shelved  
or redesigned.**

Targets were moved, expectations reconsidered and projections revised. We had to get our heads around the new normal of working from home, physical distancing, and a lot less human engagement.

In spite of the external environment and its inevitable impacts, FGV Holdings Berhad could not afford to slow down or take a cautious approach. We had to show progress, to deliver on the commitments made back in 2018.

I am pleased to report that despite a series of setbacks over the previous two years and the onslaught of the COVID-19 pandemic, the promised operational transformation is clearly starting to deliver results.

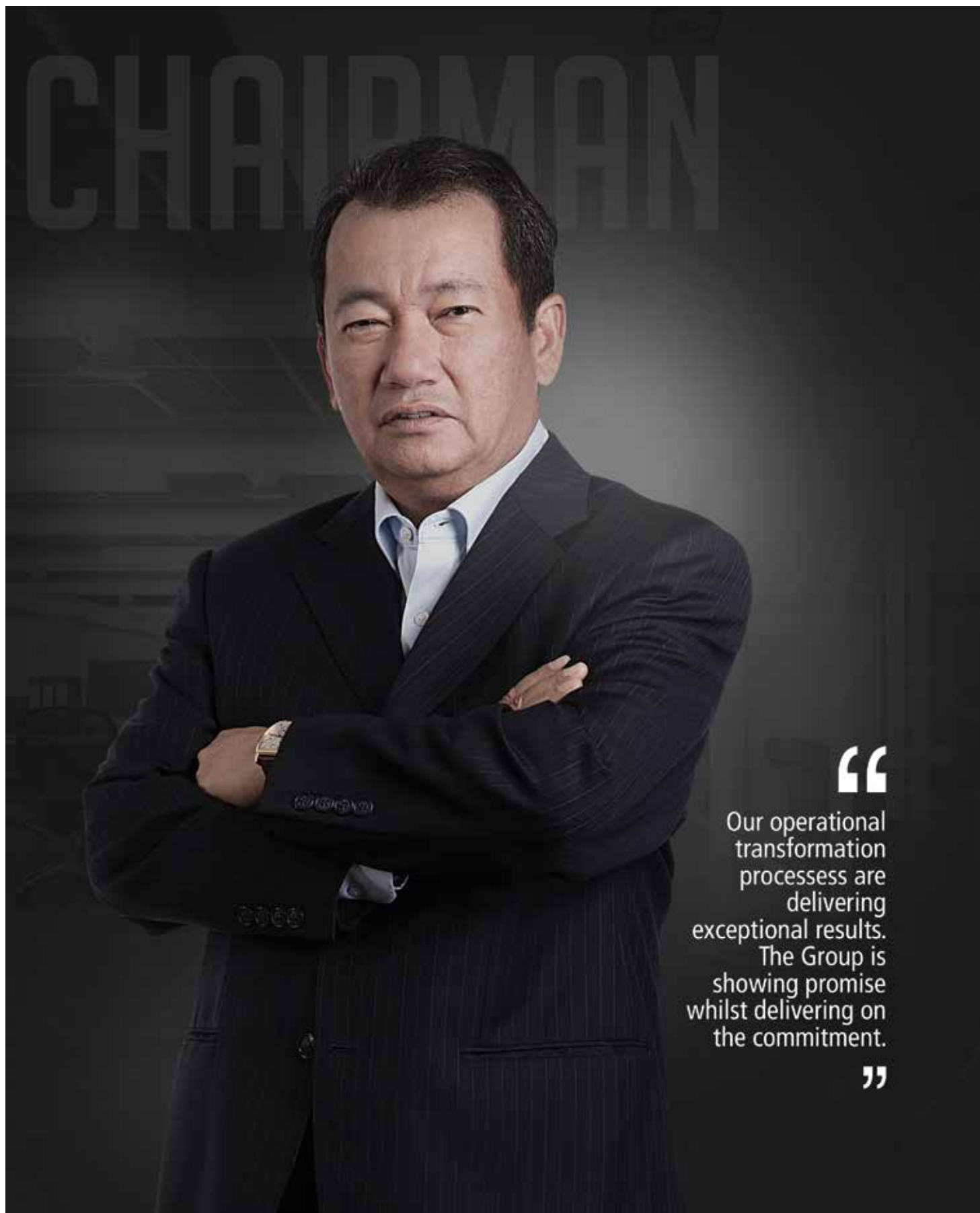
Thankfully, in Malaysia, the Plantation and Commodities Sector is classified by the Government as an essential service, and thus, we continued operations with minimal disruptions during the Government's

Movement Control Order (MCO) between March 2020 and May 2020. Our FGV COVID-19 Task Force monitored operations and ensured that the safety of our staff and workers was not compromised whatsoever.

When the Government declared Lahad Datu a red zone in April, FGV took the precautionary step of shutting down five mills there for two weeks. These movement restrictions did affect the operational productivity of our Plantation, Logistics & Others and Sugar Businesses but they were the necessary and responsible actions we chose to take. We also experienced a decline in demand for our products because of a decline in domestic consumption, and from port closures and lockdowns in our main export markets.

The bright spot was the uptrend in Crude Palm Oil (CPO) prices that broke the RM2,200 MT resistance after languishing around RM1,800-RM2,000 MT in 2018 and 2019.





“

Our operational transformation processess are delivering exceptional results. The Group is showing promise whilst delivering on the commitment.

”



## Chairman's Statement



**THE GROUP REGISTERED A TOTAL REVENUE OF RM14.08 BILLION AND NET EARNINGS PER SHARE OF 4 SEN. A DIVIDEND PAYOUT OF 3 SEN PER SHARE WAS DECLARED.**

### A MORE ENGAGED, COHESIVE, CONSULTATIVE BOARD

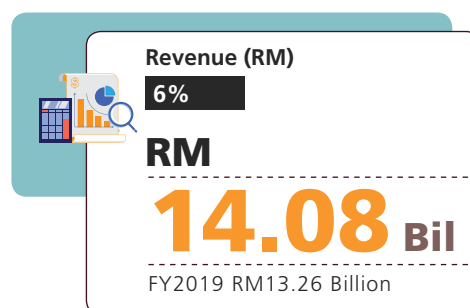
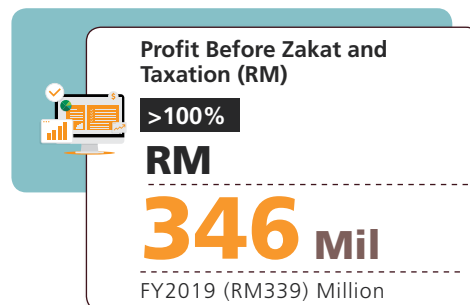
Our Board today comprises five (5) independent subject matter experts from different fields and four non-independent directors, who together offer counsel and ready support for the management. It is also a more engaging board that communicates frequently with each other and also with senior management, mainly through various online platforms for most of the COVID-19 stricken year. We exchanged ideas and opinions, and there was healthy debate, but all decisions were made based on the facts and figures before us. We were clear about one thing: all decisions must be made in the best interests of FGV.

Our goal is to build FGV into an efficient, responsible and high performing public listed company that meets its obligations to diverse stakeholders.

During the year, we welcomed three (3) members of our Independent Advisory Panel (IAP) that was established at the end of 2019. They are well-respected names in sustainability, environment and business. The IAP is a good platform to guide the Board on what to do and how to do it especially with regard to sustainability.

The IAP also offers us an outside perspective that is invaluable for a company with a global footprint. They have given us frank feedback and offered insights, to help steer FGV in the right direction. For me personally, the IAP was like a checkpoint that made us pause and weigh the impact of our decisions and actions, as IAP often looks at things through a different lens.

I am glad to announce that the investigations announced by the Board in 2018 have been completed and the Board has directed actions to be taken accordingly. As a result, reports were filed to the relevant authorities and two (2) suits were commenced against the former directors and previous management of FGV. The suits are ongoing and will be updated from time to time.



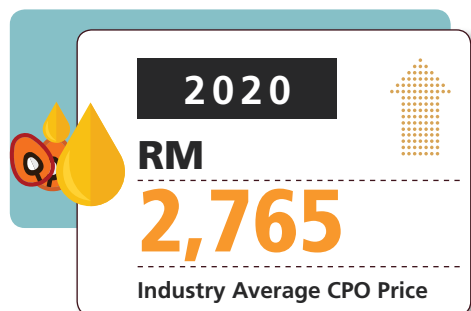
### REPOSITIONED AS A FOOD GROUP

Regardless of the challenges posed by the pandemic, we pressed ahead with the Group's transformation programme.

It has taken us two (2) years to shake off historical and legacy issues, but we have finally turned the corner. We still have some way to go, and thus, we need to steer FGV carefully over the next few years to ensure future business performance that is sustainable and financial performance that is positive.

With the worst behind us in terms of operational challenges, in 2020 we shifted our emphasis towards growth. We want to build a more resilient FGV, whose performance is not entirely dependent on CPO prices. In our view, being a plantation company focused on the upstream segment has limited upside potential.

The Board made a strategic decision that FGV's journey should be clearer and broader. While palm oil will remain the mainstay of our business, we will also be deliberately and carefully redeploying appropriate resources into higher value and synergistic sectors, to mitigate against CPO price fluctuations.







As a result, we have now repositioned FGV as a food group, participating in the entire supply chain from farm-to-fork. Malaysia has a RM65 billion food import bill and thus if we focus on import substitution, we cannot go wrong. We have a domestic market that is ready to be served.

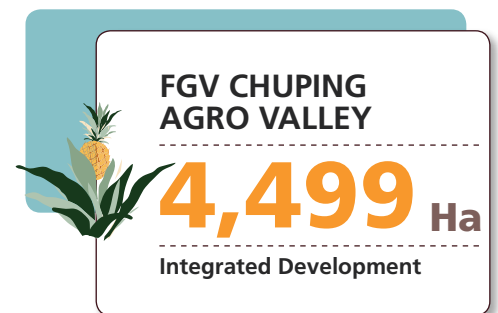
### SIGNIFICANT PROGRESS IN INTEGRATED FARMING

We plan to take small steps, and our first move is to expand Integrated Farming and Consumer Products businesses, which are already part of the palm oil value chain. Internally, these two businesses have been elevated to divisions in their own right, and are expected to grow into noteworthy revenue streams for FGV in the future.

I am happy to say that we have made significant progress with Integrated Farming. The Board approved the master plan for the development of the FGV Agro Valley in Chuping in December 2020. This is a 4,499 hectare integrated development, where FGV will cultivate high-value cash crops such as MD2 premium pineapples, cavendish banana, *harumanis* mangoes, and also the development of fully integrated dairy farming.

Another significant area of progress was in India, one of the Top 3 markets for our CPO. In May, we formed a joint venture with the Hyderabad based Pre-Unique India Pvt Ltd (PreU) to establish a company based in India. This joint venture will become the springboard into the subcontinent's growing fast-moving consumer food market, especially in South India.

Also in 2020, we entered India's oil palm seed market, by securing a contract to sell one million premium germinated seeds. We target to sell another 1.5 million seeds in 2021.





## Chairman's Statement

### LEVERAGING ON EXISTING STRENGTHS

Our plans to diversify into complementary and adjacent businesses will benefit all stakeholders, especially smallholders who we regard as our partners. FGV buys two thirds of its fresh fruit bunches (FFB) from FELDA settlers and independent smallholders, who are an integral part of our supply chain. Indirectly, we provide these smallholders access to international markets and ensure that they are paid fair market rates in accordance with international prices.

This link can only get stronger when we present them with opportunities to become FGV Agro Farmers in our new Integrated Farming ventures.

Our farm-to-fork strategy means going into food production across the entire value chain. There is more revenue to be generated from moving products than concentrating in upstream production. Fortunately, FGV has a Logistics & Others business, but it needs to be revitalised with entrepreneurial drive to become more business-oriented.

To achieve this, we have re-designated all Chief Operating Officers in the Plantations and Logistics & Others business as Divisional Directors. Our goal is to give them a sense of purpose to engage in business development, pursue growth and gain recognition in the marketplace as decision makers.

### EXECUTION OF BUSINESS PLAN

In 2020, FGV entered the second year of the three year Business Plan known as BP21, where the Board had identified four strategic thrusts for management execution. From the 2019 theme of "Stop the Decline"; FGV was expected to "Sustain Performance" in 2020.



While the path forward was agreed upon, the speed of execution slightly missed the mark. This can be attributed to a number of factors such as persistent legacy issues to a work culture that is still evolving. This lack of urgency has thus resulted in slower execution, time lost and other wastages; understandable perhaps, given the many changes in leadership since 2019.

### EMBEDDING SUSTAINABILITY

As a responsible business, we must go to greater lengths to embed sustainability in the way we run our company. At FGV, we strongly believe that adhering to sustainability and human rights principles is the right thing to do and should be part and parcel of any company's values and culture.

While FGV is fully committed to sustainability and human rights, ensuring that such commitment is concretely translated into practice at all levels of our operations is not an easy task, especially when certain traditions that may not be entirely in line with human rights standards have been part of industry norms since time immemorial.

And despite our intensified efforts since the past several years to bridge gaps, some challenges still remain in bringing our entire enterprise to fully meet international standards.





During the year, we were reminded of these challenges with the re-suspension of the RSPO certification of FGV's Serting Complex, the suspension of ongoing RSPO certification processes for FGV's uncertified complexes, as well as the Withhold Release Order (WRO) issued by the United States Customs and Border Protection (CBP) against palm oil and palm oil products made by FGV and its subsidiaries and joint ventures, on account of gaps in our labour practices.

Although these are setbacks to FGV, we remain determined to do what is necessary to address these challenges and to ensure that FGV is in full compliance with international human rights standards. It became clear that we needed to work faster to effect on the ground changes to positively impact migrant workers, and we established a Foreign Workers Working Committee, which I chair.



The Committee has adopted a holistic approach that involves a range of undertakings including upgrading existing homes, building new ones, as well as building clinics, schools, shops and houses of worship. Our goal is to provide our workers with living quarters that are better than the industry standard.

In addition, our affiliation to the Fair Labor Association (FLA) underlines our commitment to enhancing our labour practices by implementing various initiatives including strengthening processes relating to the recruitment of migrant workers, strengthening grievance mechanisms, improving monitoring and remediation systems, developing capacity building programmes and enhancing stakeholder engagements.

While upholding labour standards has been a key priority, we attach equal importance to other aspects of sustainability such as climate action as well as environmental protection and conservation. Our renewable energy initiatives and wildlife conservation activities continue to be high on FGV's agenda. All these efforts are a reflection of our resolve and commitment to internationally recognised sustainability and human rights principles, as promulgated under the Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights, relevant International Labour Organization (ILO) conventions and the Sustainable Development Goals (SDGs). We will continue to devote our energy and resources to ensure that we stay true to these commitments.

## IN APPRECIATION

On behalf of the 2020 Board, I wish to take this opportunity to extend my sincere gratitude and appreciation for the support we have received from our diverse stakeholders who had placed their confidence in FGV as a public listed company.

To all our shareholders, I thank you for your loyalty and for standing by FGV while we navigated choppy waters to bring this large ship back on course. The management and staff have played a pivotal role in this regard, and I thank them for their dedication and commitment to execute the BP21 strategies formulated by the Board to achieve this.

Our business depends on a strong and stable smallholder supply chain that accounts for two thirds of FGV's harvests. I wish to thank FELDA settlers and Independent Smallholders for their contributions in making FGV the world's largest CPO producer.

I also wish to put on record our appreciation to Federal and State Governments, the Ministries, government agencies, partners, industry organisations, the media, and the financial and investment community for their guidance and unstinting support.

I am confident FGV has a bright future ahead, and look forward to seeing the Group realise the aspirations and goals in the next phase of its growth.

**Datuk Wira Azhar Abdul Hamid**  
Chairman





“

Despite many challenges, the Group registered PBZT of RM346 million for the financial year ended 2020 against an LBZT of RM339 million in the preceding year.

”



# In Conversation with Group Chief Executive Officer

## FGV IS CONFIDENT IN SEIZING OPPORTUNITIES AND REALISING OUR POTENTIAL FOR THE FUTURE.

by

**DATO' HARIS FADZILAH HASSAN**

Group Chief Executive Officer

**Dear Stakeholders,  
the year 2020 has been  
an eventful one for all  
of us because of the  
COVID-19 pandemic.  
It posed various kinds  
of challenges among  
many businesses and  
households, many of  
whom are end users of  
various FGV products.**

During the year, we experienced a decline in domestic and international demand as well as disruptions in many of our business activities. Against these trying circumstances, I am happy to announce that FGV recorded a profitable year. This can be attributed largely to favourable Crude Palm Oil (CPO) prices which performed better than in 2019. With this, FGV has turned the corner after two (2) successive loss-making years.



### How would you describe FGV's performance in 2020?

FGV is now back in the black. For the financial year ended 31 December 2020, FGV recorded a PBZT of RM346 million compared with an LBZT of RM339 million in 2019.

Despite a slow start in 1Q FY2020 due to drought, the Plantation Business managed to register strong results due to higher CPO and CPKO margins from the rise in CPO prices. There were also increases in revenue contributions from higher FFB production, lower production costs, and better OER performance.

Our Sugar Business also performed better than the previous year. It recorded strong results in 4Q FY2020 that recorded higher sales volume, lower sugar usage costs, and improved refining costs. However, the full year results were affected by write-offs and impairments in 3Q FY2020. Overall, we narrowed the losses in this business by 89% to RM35 million in 2020.

Our Logistics & Others recorded slightly lower profit in 2020, which stood at RM5 million for transport and RM72 million for bulking. During the year, we saw a lower handling and transportation rate that was offset by slightly higher throughput volume and better liquid cargo handling.

We anticipate 2021 to be another challenging year, especially with our labour shortages and the volatility of CPO prices that affect our Plantation Business which contributes 82% of the Group's revenues. We also expect our Sugar Business to continue improving its operating and financial performance.

In 2021, our focus will be on new value creation for our downstream business. This is integral to our vision to reposition FGV as a leading agribusiness player. So far, we are on track with the implementation of our strategies and action plans to realise this aspiration.



## In Conversation with Group Chief Executive Officer

Q<sup>2</sup>

### What are the notable achievements so far?

With the Business Plan, the first priority for our Management team was to get the house in order. I am pleased to report that we have achieved success in three strategic areas of importance, namely, governance, operations and company culture. We consider these three dimensions as the foundation for good operational and financial performance. Once we establish a solid foundation in these areas, FGV will have the vitality and confidence to seize opportunities that create more value as well as manage risks more effectively.



#### EMBEDDING ROBUST GOVERNANCE STANDARDS

It was a proud moment for FGV to win the World Finance 2020 Corporate Governance Award (Malaysia). Previous winners of this award include prominent Malaysian companies from diverse industries such as telecommunication and banking.

For us, this recognition represents international acknowledgement of FGV's successful efforts in strengthening corporate governance, in which the Board and Management have worked hard for.

Another significant achievement is the ISO37001:2016 Anti-Bribery Management System (ABMS) accreditation which was awarded to us in December 2019. We are also the first plantation company to have ABMS. What I find most satisfying is that, unlike other companies, our ABMS accreditation covers the entire scope of FGV's operations. We are one of few companies on Bursa Malaysia with the end-to-end ABMS coverage.

As part of our Anti-Bribery initiatives, we conducted training programmes and workshops to send out the message to staff that FGV does not tolerate bribery and corruption. To ensure the system works well, we also enhanced our whistleblowing mechanism. FGV staff have been increasingly utilising our whistleblowing channels showing growing trust amongst the raised issues to management, knowing appropriate action will be taken and no wrongdoers will be spared.

During the year, we also launched the FGV Anti-Corruption Plan which is a comprehensive three-year programme to further embed high integrity and zero tolerance to corruption culture throughout FGV. An adjunct of this is the Online Integrity Pledge which was rolled out to all FGV staff and duly signed by over 90% of our employees.

In my engagements with the investment community, I have found that the market is no longer questioning FGV on its corporate governance or matters relating to ethics and integrity. I think these areas have seen huge improvements in FGV. There has been positive public perception of FGV as a listed company as reflected in our share price. When I joined in January 2019, FGV's share price was RM0.92 per share. By the end of 2020, it was hovering around RM1.27-RM1.30. When FELDA's take over announcement was made in December 2020, FGV shares was capped at RM1.30.

I think there is a return in investor confidence in FGV's leadership and in FGV as an investable company.





## EXPEDITING OPERATIONAL TURNAROUND

The Management team has also been expediting the operational turnaround of FGV's three (3) core businesses, namely, Plantation, Sugar and Logistics & Others. It saw us introducing various initiatives for operational improvement and results achieved so far are outlined below.

### PLANTATION BUSINESS



#### Expanded Model Plantation Concept (MPC)

The Operational Excellence Division has initiated the Model Plantation Concept (MPC) Project since 2019 as part of the improvement drives to be "Brilliant at Basic" under the Plantation Sector via Model Sites approach. These Models act as incubators to implement best and lean practices prior to rolling out and replicating it at a larger scale. The focus shall be on 3S concept: "Strengthen, Standardise and Sustain" with the end in mind of the project being on productivity parameters, quality and cost.

In 2019, we already established four (4) Model Sites namely Ladang Tembangau 6, Ladang Maokil 7, Kilang Sawit Maokil & Kilang Sawit Besout (focusing on Palm Oil Upstream). Moving into 2020, we expanded the deployment of the MPC Project to our Palm Oil Estate & Mill Operation in Sabah (Ladang Sahabat 11 & Kilang Sawit Embara Budi), Rubber Operation (Kilang Getah Palong 8) and Downstream Operation (DOP Sdn. Bhd.).

As of December 2020, through the MPC Project, six (6) out of eight (8) of the Model Sites have been QE/5S certified by the Malaysia Productivity Corporation. Our Kilang Sawit Embara Budi recorded history by becoming the first Model Mill to achieve the highest level of certification of 3-Stars; whereas Kilang Getah Palong 8 is the first rubber factory in Malaysia to be QE/5S certified. List of QE/5S certified Model Sites and its ranking is as follows;

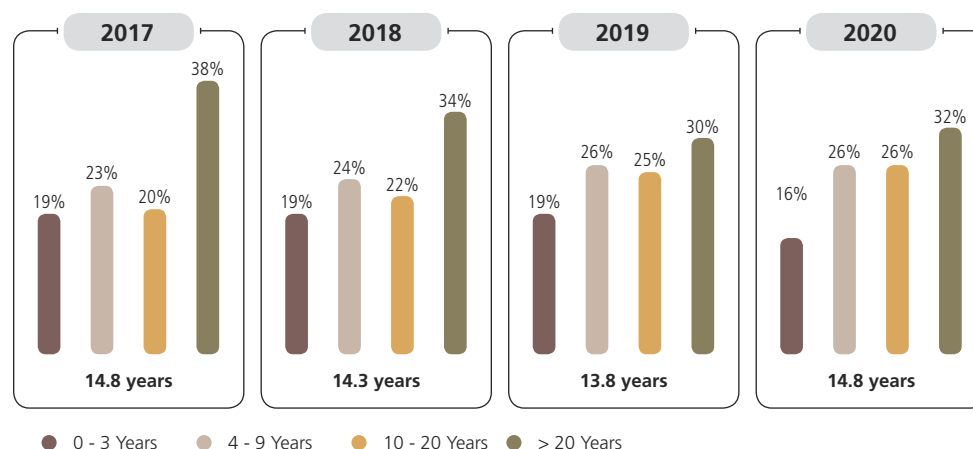
Kilang Sawit Embara Budi – ★★★★★ Kilang Sawit Besout – ★★★ Kilang Getah Palong 8 – ★★★  
Kilang Sawit Maokil – ★★★★★ Ladang Maokil 7 – ★★★ Ladang Tembangau 6 – ★★★★★

With the improvement seen at these Model Sites, initiatives deployed are being replicated by phases at all of our estates, mills and rubber factories.

#### Age Profile of Palms

We have been pursuing an accelerated replanting programme of 10,000 - 15,000 hectares per year to address the age profile by allocating approximately RM300 million a year.

For the first time since its listing, the Group recorded a higher percentage of young and prime trees in 2020. We have brought down the percentage of aging trees from 54% in 2012 to 32% in 2020. This is an advantage because it improves our prospects for better yield and more CPO production.





## In Conversation with Group Chief Executive Officer

### PLANTATION BUSINESS



#### Achieved 81% Traceability to Plantation

Geared for 100% crop traceability in 2021

Through our robust traceability initiatives, in 2020, we achieved 81% Traceability to Plantation (TTP). This is on track with our goal to achieve 100% TTP by 4Q FY2021. Traceability initiatives ensure that our sourcing of FFB is in line with FGV's Group Sustainability Policy (GSP) and our commitment to No Deforestation, No Peat and No Exploitation (NDPE).

While the Group's FFB is 100% Traceable to Mills (TTM), we face a unique set of challenges in tracing FFB from our smallholder supply chain. Moreover, two-thirds of our FFB is sourced from external suppliers, comprising FELDA settlers, independent smallholders as well as FFB traders. Only one-third comes from our own estates. (For more details, please refer to our Sustainability Section).

#### Affiliation to the Fair Labor Association (FLA)

To uphold Group's sustainability commitment to respect human rights and uphold labour standards

As part of our commitment to align FGV's human rights and labour practices to international standards, we became an affiliate to the Fair Labor Association (FLA). In 2020, we developed an action plan in consultation with various stakeholders that outlines a number of initiatives that seek to strengthen various aspects of our labour practices including recruitment of migrant workers, capacity building, grievance mechanisms as well as monitoring and remediation systems. Our efforts under this affiliation are independently monitored and assessed by the FLA.

(For more details on our human rights initiatives, please refer to our Sustainability Section, Respecting Human Rights, on pages 118 to 139 of this report)

### SUGAR BUSINESS



The Group is confident of the long-term prospects of the Sugar Business. During the year, we focused our attention on paring down operational costs by improving operational efficiency, cash flow and the competitiveness of the business. We also developed new value added products to be launched in the marketplace.

#### Operational Efficiency Improvements

Consolidated sugar operations at Prai and Tanjung Langsat refineries to pare down operational costs

#### Better Cash Flow

Continued leveraging on "Just in Time" procurement arrangements

#### Business Competitiveness

Explored opportunities to grow the Group's downstream business

#### New Value Added Products

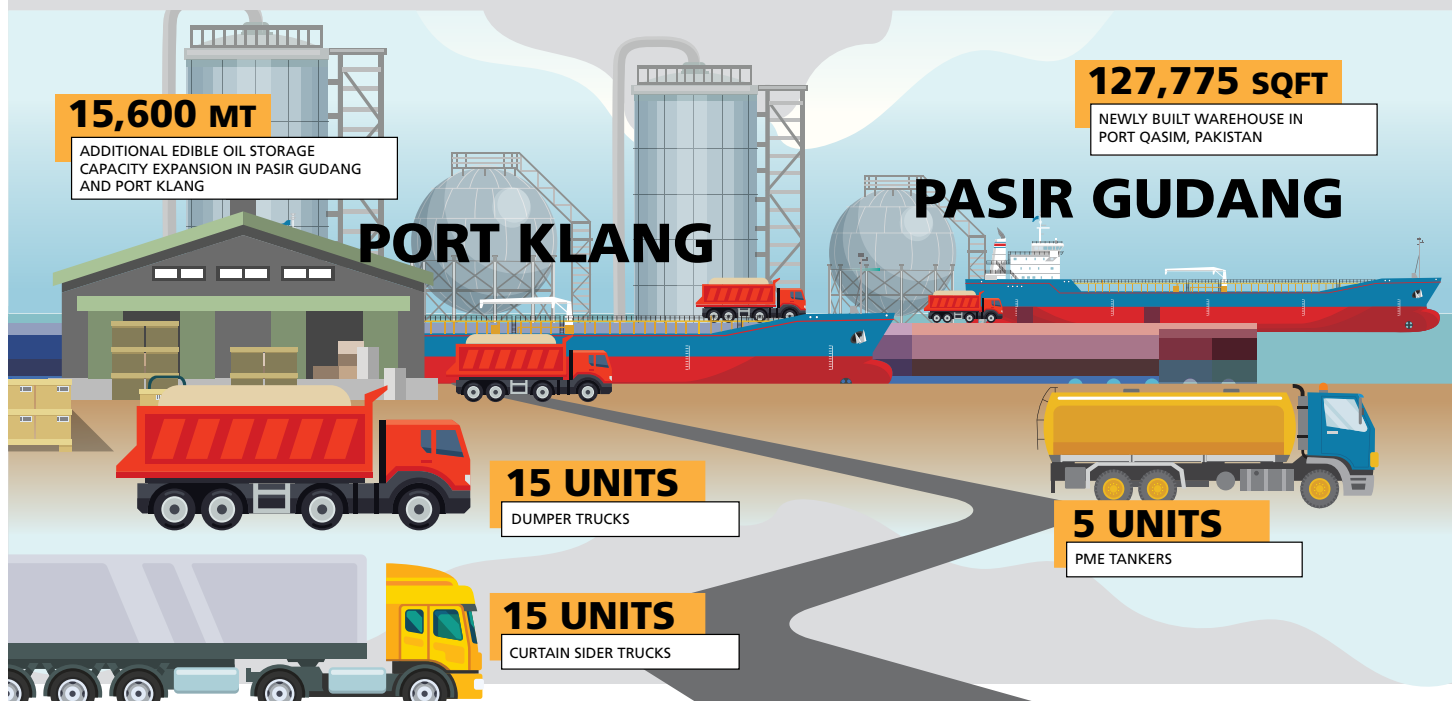
Upgraded Tanjung Langsat refinery to introduce new value added products such as liquid sugar and refined syrup to penetrate regional markets



## LOGISTICS &amp; OTHERS (LO)



LO is set to play a pivotal role as FGV moves forward to become an end-to-end agribusiness player. At the end of 2019, edible oil storage capacity and warehouses had a total of 939,700 MT (Malaysia, Indonesia and Pakistan) and 434,613 sqft warehouse area in Malaysia respectively. For inland transport, more than 500 vehicles were in our mixed fleet. In 2020, edible oil storage, warehouse, and inland transport operations were bolstered to serve increasing market demands and in line with the Group's business strategy to grow its LO sector's revenue, new additional assets were added as follows:



## CORE VALUES

## Embedding Core Values in Our Corporate Culture

At FGV, we believe in creating value through our human capital resources. This calls upon the Group to recruit, nurture and retain the best of talents. At the same time, the management makes every effort to provide employees with a nurturing environment that encourages innovation, communication, collaboration and the commitment to realise the Group's business goals and vision. Our core business draws strength from our historic approach of building an integrated value chain that is efficient and effective. The foundation for this lies in a good corporate culture that continuously drives FGV forward to become a high performing organisation that is resourceful, relevant and respected. It is thus critical to our staff to be imbued with corporate values to create real tangible value that goes beyond the convention of "just doing the job".

At FGV, we strive to ensure our employees conduct themselves in accordance with our five corporate values, expressed simply as P.R.I.D.E - Partnership, Respect, Integrity, Dynamism and Enthusiasm. P.R.I.D.E is the foundation of the Group's corporate culture and defines how we do business within FGV, with our supply chain, our partners and all other external parties. We want P.R.I.D.E to be more than lip service. In 2020, we went a step further by incorporating P.R.I.D.E into FGV's performance management system (PMS) framework. What this means is that each employee is required to select one competency (out of the 18 leadership competencies that have been pre-identified by the management) and work at improving that selected competency within the context of the five corporate values.

The selected competencies will then be closely monitored by the employee's respective superior. Various workshops and programmes were held to ensure a successful rollout of this initiative, which included the nationwide Feedback and Coaching Workshop and the Pride Leadership Competencies Workshop (PLCW).





## In Conversation with Group Chief Executive Officer







### FGV has completed the second year of the Business Plan. What is the progress so far?

Our FGV transformation plan is to take the Group beyond what it has been doing. It does not mean moving away from the plantation business but more of moving away from overdependence on commodities that are subject to price volatility beyond our control.

Business Plan is our strategic road map to address present challenges of FGV and to chart the future direction of the Group. Its primary objective is to maximise value for our traditional businesses and create new value for sustainable growth.

### REALISING OUR BUSINESS POTENTIAL FULLY

Business Plan is guided by four strategic thrusts to create value and sustainable growth.

POSITIONING FOR VALUE CREATION & SUSTAINABLE GROWTH				
	2019	2020	2021	2022
<b>Strategic Thrusts</b>	"Stop the Decline"	"Sustain Performance"	"Grow Effectively"	"Expand Selectively"
 <b>OPERATIONAL IMPROVEMENT</b>	Consolidate : Rationalisation, Rehabilitation, Increased Utilisation Factor, Intercropping & Monocropping Strengthen : Cost Optimisation, Precision Agriculture, Regulatory & Compliance Improvement : Maximise Contributions from Renewables, Mechanisation, Replanting			
 <b>PRODUCT &amp; MARKET PENETRATION</b>	Serve Larger Market & Improve Product Offerings in Food, Sugar, Agri-Products, Rubber Products, Animal Feed Consumer Products and Fast-Moving Consumer Goods (FMCG), Logistics e-Commerce, Expand Trading Presence Optimise B20 & B7 Biodiesel Specialty Oleochemicals			
 <b>NEW GROWTH AREAS</b>	Integrated Farming (Animal Feed, Cash Crops, Dairy & Livestock, Paddy & Rice, e-Commerce), Renewables, Logistics Cold Chain and Warehousing Leverage our Assets to Diversify Into New Business Areas & Products Diversification Synergistic Collaborations, Mergers & Acquisitions, Penetrate Key markets, eg India			
 <b>FINANCIAL &amp; CAPABILITY BUILDING</b>	Strengthen JV Terms, Pay-Per-Use strategy, Tighten Procurement, Enhance Sustainability Efforts & Certification Right Sizing & Right Fitting, Build Organisational Capability, Evaluate & Reward Right & Management Information System			

Thus far, we have implemented 61 initiatives to realise the following goals and subsequently monitor the performance of each of these initiatives regularly or on the quarterly basis.

 Better resource utilisation to generate higher returns.	 Portfolio enhancement to balance structural efficiencies.	 Value maximisation through an integrated value chain.	 Commercially driven and accountable business decision making.	 Optimising human capital potential in driving growth.
--	--	--	--	--



Q<sup>4</sup>

## What are FGV's existing strengths that can be leveraged for immediate and medium term growth?

### LEVERAGE ON LOW HANGING FRUITS

We have been the world's largest CPO producer for some years, and produce an average of three million metric tonnes of CPO every year. Most of our CPO is exported and it is the primary contributor to the Group's revenue.

In the process of palm oil production, we also generate large amounts of waste products from estate and milling activities. Waste products have become business opportunities with good prospects, and we have already started plucking the "low hanging fruits" in our own backyard under our waste-to-wealth initiative.

Besides the commercial benefit, the waste-to-wealth initiative is about being environmentally friendly and fosters a sustainable circular economy. Our focus is the production of renewable energy, an environmentally friendly fuel that is encouraged by the Government. It has set a target for Malaysia to have 20% renewable energy in the capacity mix by 2025.

In addition to the waste-to-wealth initiative, we are cognisant that most of our operation are impacted by the climate and environmental risk. Thus, we recognised the urgent needs to address the impact of climate change on our business operation. We have accelerated our climate mitigation effort and further details are discussed in Section 4 of this report.

At FGV, we produce biogas fuels by using methane capture from our mills. We have 68 mills and one of the highest methane capture outputs in Malaysia. The methane-rich biogas is sent to our 28 biogas plants that include 11 Feed-in-Tariff plants, supplying renewable energy to the grid. Some of our biogas plants are part of the rural electrification of Sabah. In addition, FGV became the first Malaysian plantation company to establish a palm-based commercial-scale Bio-Compressed Natural Gas (Bio-CNG) plant in the country.

### RENEWABLES



#### Revenue & Profits

In 2020, renewable business achieved a revenue of RM143 million and PBT of RM72 million.



#### Segments

#### By-Products

- Empty Fruit Brunch (EFB)
- Palm Kernel Shell (PKS)
- Mesocarp Fibre
- Sludge Oil
- Bunch Ash

#### Renewables

- IPP Sahabat
- Rural Electrification (Ayu, Umas, Miri, Cenderawasih, Desa Kencana)
- 11FiT Biogas Plants
- Sg. Tenggi BioCNG - 1<sup>st</sup> in the world for BioCNG from POME
- 4 Compost Plants



#### Strategy

- 28 biogas capture plants in operation
- Focus on zero-investment projects (Biogas, BioCNG, Biofuel, pulp paper)
- Maximise profits from PKS / Sludge Oil
- Focus on end-users for by-products
- Powering towns using renewable energy sources



#### Prospect

Target to reach an annual revenue of RM200 million over the next 5 years.

In 2020, our renewable energy business generated RM143 million in revenue, with a PBZT of RM72 million. Our target is to generate RM200 million in revenue over the next five years.

Under the Group's Recovery Strategy post COVID-19, we will be reviewing this business segment with the objective of developing a solid plan that can be executed almost immediately.

### R&D FOR LUCRATIVE PLANTING MATERIALS

Another inherent FGV identity is our research and development capabilities, especially for premium planting materials that are drought and disease tolerant. Our Yangambi ML161 has become the number one oil palm planting material in Malaysia, with a 38% market share. In November 2020, FGV is expanding its presence in India's oil palm seed by establishing a Joint Venture with Pre-Unique Pvt. Ltd. We are exporting Yangambi ML161 planting materials to Indonesia and India. In India, some states are planting oil palm to support their local consumption.

In 2020, FGV secured the contract to supply one million of our premium oil palm seeds. We target to sell another 1.5 million seeds by 2021.



## In Conversation with Group Chief Executive Officer

**Q<sup>5</sup>** FGV is expanding its Integrated Farming and Consumer Products businesses. What is your direction for them?

These two businesses are not entirely new to FGV, and have been part of the Plantation Business for some years. What is new is that they will be diversifying into other types of agriculture besides oil palm. By taking this route, we will be able to reduce our dependency on CPO prices. In addition, we will be moving down the value chain and enjoying higher profit margins.

By bringing these businesses to the fore, we will get closer to realising FGV's new vision to be an agribusiness player involved in the entire farm-to-fork value chain.

Our market research shows that Integrated Farming and Consumer Products have good prospects. So far, we have invested in a few key projects. We expect our Integrated Farming business to be able to generate an EBITDA (earnings before interest, taxes, depreciation and amortisation) margin of 15% by 2023.

For consumer products, our plan is to focus on fast-moving consumer goods (FMCG) products that utilise raw materials from our upstream Plantation and Integrated Farming businesses. Since we do not have wide-ranging food manufacturing expertise, we are exploring opportunities for partnerships with experienced vendors to speed up our entry into the FMCG food business.

### FGV'S INTEGRATED FARMING BLUEPRINT

FGV INTEGRATED FARMING HAVE IDENTIFIED FIVE (5) AGRIBUSINESS THAT COULD ADD ADDITIONAL REVENUE AND SUPPORT THE VALUE CHAIN OF OTHER BUSINESSES.



**Large Scale Oil Palm Intercropping Farming**  
(MD2 Pineapple, Cavendish Banana & Watermelon)



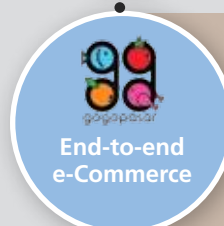
Consolidated large-scale, **fully integrated**, high-tech rice production from seeds-to-plate



Production of PKE - based animal feed and animal nutrition with **enhanced formulation**



Fully integrated dairy farming for fresh milk production.



An **e-Commerce** platform for fresh produce marketing & distribution.



**STRONG  
WORKFORCE****47,497****\*inclusive of migrant workers  
and FGV employees****e-Commerce  
Platform****A grocery marketplace that  
sells fresh produce****INTEGRATED FARMING 2020 MILESTONES**

In 2020, we established an MD2 pineapple seeds garden in Maokil Estate for the plan to scale up the MD2 pineapple farming next year. Currently, the pineapple industry has experienced shortage of MD2 pineapple suckers and this has slowed our progress. But that will not stop us from going to the market with our development of contract farmers programme. In fact, we have already made some off-take arrangements and are looking at launching our own "Ladang 57" brand.

In 4Q FY2020, we started the development of MRQ76 fragrant rice seeds garden and obtained a rice wholesale licence from the Ministry of Agriculture and Food Industries (MAFI).

For animal feed, we launched four new products formulated for beef and dairy cattle in 2Q FY2020, and achieved 39,093 MT of sales in 2020, 80% higher than the previous year.

We plan to partner with SMEs to grow our animal feed and animal nutrition business. Since most animal feed in Malaysia is imported, our goal is to penetrate the domestic market as part of the import substitution policy promoted by the Government.

In February 2020, FGV ventured into the dairy farming business with the acquisition of 60% stake in Red Agri Sdn. Bhd. for RM10 million. Red Agri owns the Bright Cow brand of dairy products. The purchase of majority stake would enable the Group to create more value from its existing resources and tap into synergies within palm-based circular economy. At present, we are building a fresh milk factory with a capacity of 30,000 litres per day.

**CONSUMER PRODUCTS 2020 MILESTONES**

FGV is well known in the Malaysian retail food market, where we sell a wide range of consumer products. In 2020, we launched three new products under our flagship brand SAJI. They are SAJI Rice, SAJI Coarse Sugar and SAJI Coconut Milk.

We are already a market leader in cooking oil and margarine with 40% and 42% domestic market share for SAJI and SERI PELANGI, respectively.

In May 2020, during the first MCO period, Kedai FGV, an e-Commerce platform selling FGV's consumer products was launched to make our products more accessible to all. Then in November 2020, GOGOPASAR was launched as a grocery e-Marketplace that sells fresh produce, sourced directly from farmers and suppliers, processed and packed in our warehouse and delivered directly to consumers. Both websites are accessible via [www.kedai fgv.com](http://www.kedai fgv.com) and [www.gogopasar.com](http://www.gogopasar.com).

In 2021, we target to strengthen our market leadership in Malaysia by diversifying our range of household essentials such as creamers, instant noodles and sauces. Also in our plan is to enter new food segments such as confectionery, nutritional snacks, and beverages.

Internationally, we are looking to expand to the ASEAN and MENA markets. There is already a distribution network established there for our palm oil. We plan to leverage on the existing network to drive sales and increase market share for our consumer products. Product innovation is another priority, to enable us to keep rolling out exciting new food products for both the retail and industrial segments.





## In Conversation with Group Chief Executive Officer



**What were the key challenges of 2020? What actions were taken to address them?**

### CHALLENGE #1: IMPACT OF COVID-19 ON OPERATIONS.

The key challenge in 2020 was managing the impact of the COVID-19 pandemic. We are in the food business, supplying palm oil and sugar to customers in Malaysia and overseas. With the closure of food and entertainment outlets during the Movement Control Order and slowdown of the hospitality business, domestic demand for our products fell. Overseas, the closure of ports in our traditional markets saw us diverting our exports to other markets. Total of 33% of FGV revenue is from exports, so the diversion helped especially with higher CPO prices.

Another challenge was to ensure the safety of our workers during the pandemic.

FGV has been proactive in preparing for the COVID-19 pandemic with the establishment of the COVID-19 Task Force. The pandemic affected our operations and productivity, especially in Sabah. We closed five mills there in March and April 2020 as a precautionary measure because of the high incidence of COVID-19 cases near our mills. However, other mills in the country continued to operate albeit with reduced manpower.

(More details on FGV's management of the COVID-19 pandemic can be found in Section 5 of this report).

### CHALLENGE #2: GOVERNMENT RESTRICTION ON MIGRANT LABOUR

Another challenge was the Government restriction on migrant labour that affected the oil palm industry as a whole. As at 31 December 2020, FGV had 27,376 migrant labour. Our mills and refineries, however, are staffed entirely by locals. But when it comes to estates, we are dependent on migrant labour, although less so than other plantation companies. The industry has made appeals to the Government on this issue, and we look forward to a positive outcome in 2021.

Meanwhile, FGV continues to aggressively recruit local applicants to work in the estates.



**Temuduga Terbuka**  
Untuk warga Malaysia

**OPERATOR LADANG FGV**

SYARAT & KELAYAKAN:	KEMUDAHAN YANG DISEDIAKAN:
<ul style="list-style-type: none"> <li>Warganegara Malaysia berumur sekurang-kurangnya 18 tahun pada tarikh temuduga</li> <li>Sihat tubuh badan</li> <li>Berminat dengan operasi ladang sawit</li> <li>Individu yang berpengalaman sangat digalakkan</li> </ul>	<ul style="list-style-type: none"> <li>Program latihan percuma</li> <li>Kediaman percuma (selama tempoh perkhidmatan) bagi yang berkeluarga / bujang</li> <li>Pengangkutan ke tempat kerja percuma</li> <li>Perkakasan &amp; peralatan kerja percuma</li> <li>Peralatan perlindungan diri percuma</li> <li>Pendapatan lumayan melebihi RM1,200 sebulan</li> <li>Elaun kerja lebihan masa</li> <li>KWSP &amp; PERKESO</li> <li>Kemudahan perubatan tahunan</li> <li>Subsidi elektrik &amp; air</li> <li>Fasiliti sukan &amp; rekreasi</li> <li>Bantuan persekolahan anak-anak (tahunan)</li> <li>Kemudahan &amp; elaun berkaitan mengikut syarat perkhidmatan</li> </ul>

Kunjungi pejabat ladang FGV yang berdekatan untuk sebarang pertanyaan atau hubungi wakil FGV anda, En. Kamal 019-669 9191 / emel [akamal.mr@fgvholdings.com](mailto:akamal.mr@fgvholdings.com). Kami menanti anda.



Q<sup>7</sup>

**FGV has made a promising start in the e-Commerce space with the launch of GOGOPASAR in 2020. What steps have you taken to ensure the security of your online shopping sites and protecting data?**

The COVID-19 pandemic highlighted more than anything that businesses must embrace e-Commerce to survive and thrive in the immediate to longer term. While opening up many possibilities and opportunities, e-Commerce also carries the risk of data security and protection.

Since this is a relatively new area for FGV, we have studied what leading e-Commerce players are doing. We are also partnering with digital services providers to ensure our online shopping is not only a friendly experience but also protects the data of our partners, suppliers, customers and other stakeholders.

As a Group, we have started to accelerate our digital journey, and with this in mind, our IT Division conducted a security gap analysis in 2020 to identify the strengths and weaknesses of our digital infrastructure. It has now prepared an improvement action plan to ensure the security of our data and digital infrastructure. Since 2018, we have been conducting annual security penetration testing of FGV's digital infrastructure and achieved with satisfactory result.

Q<sup>8</sup>

**The Group has a relatively new leadership team. What are the leadership development and succession planning programmes in place to drive FGV forward?**

We now have a good mix of people in the management leadership team. They comprise of outsiders who have brought with them a wealth of expertise and new ideas and insiders who have served the organisation for several years and carry with them a sense of history and continuity.

For all key leadership positions, we have identified a minimum of three (3) successors. The first and second successors will be developed to take up the role should the position become vacant. The third successors, on the other hand, will be identified from our talent pool for future leadership positions.

These identified successors are our built-in safeguards, to ensure that the FGV ship does not flounder due to the lack of leadership. Hence, when there is a sudden vacuum, we can always select someone from the succession pool that has been established.

Q<sup>9</sup>

**FGV focus is for a leaner workforce that is more efficient, more productive and more ethical. What progress did you make in 2020?**

Despite the COVID-19 pandemic in 2020, FGV continued its efforts to become leaner and, at the same time, reduce its staff costs in the coming years. We conducted a Full Time Equivalent (FTE) Study Phase 1 during the year to assist management in gathering the necessary data towards achieving this objective.

The FTE Phase 1 study showed us opportunities for business re-engineering, especially the potential for process automation.

Phase 2 of the study is currently underway and when completed, it would have covered a total of 40% of FGV employees.

GHC also rolled out the Work Place Communication (WPC) Framework that was established in September 2020 with the aim of:

- Establishing clear lines of communication between employees in order to fulfill the Group's mission

- Creating transparent and clear roles for each employee on workplace communication to eliminate ambiguity and misinterpretation of information
- Fostering collaboration by building connectivity between colleagues for greater innovation and a sense of belonging

Among the WPC initiatives were 209 roundtable sessions that were held from September to December 2020, covering 146 workplaces nationwide.

These were some of the measures undertaken to improve FGV's human capital to achieve the Group's objective to become a high performing organisation, with effective corporate governance practices that are vital for us to deliver our long-term strategy and create sustainable value for our employees.



## In Conversation with Group Chief Executive Officer

### Q<sup>10</sup> What is your outlook and prospects for the Year 2021?

With the ongoing COVID-19 pandemic, it is hard to predict the outlook for next year. However, there is cause for optimism with forecasts of CPO prices hovering above RM3,000/MT next year. Equally encouraging are the weather conditions that have resulted in improved harvests, after a 4% contraction of FFB in 2020.

These gains, however, can be affected by reduced demand from the hospitality, restaurant and catering industry (HoReCa) should the COVID-19 pandemic continue. For FGV, HoReCa customers are a significant market for our palm oil and consumer products.

Post pandemic, I am confident FGV will be well positioned to benefit from the development of our Consumer Products, Integrated Farming and Renewable Energy businesses. They are market-driven businesses and not subject to commodity price volatility.

For our plantations, we will continue to address sustainability matters that are vital to meet our CSPO production targets. Based on our current momentum, we are committed to achieve 100% Traceability to Plantations by our mills in 2021. We also look forward to the renewal of our RSPO certification schedule and the lifting of restrictions on our exports by the US Customs and Border Protection.

Additionally, as part of our commitment to address climate change, we are making efforts and initiatives to minimise our environmental impact which includes the development of Greenhouse Gas (GHG) inventory.







## This Annual Integrated Report could be the last one for FGV as a public listed company. Any parting words?

FGV's founding principle is to be a commercially viable business that is also socially responsible for uplifting the oil palm smallholder community. This is FGV's differentiator that sets us apart from other palm oil players in Malaysia. So, whether FGV is a listed company or not, this fundamental principle will never change.

We have always been cognizant of our socio-economic obligations role, and always bought two-thirds of our FFB from FELDA settlers and independent smallholders at fair prices. It is a win-win situation, where settlers and smallholders have a ready buyer, and we in turn, have a continuous supply chain. Our decision to expand our Integrated Farming and Consumer Products businesses will see us continuing this model, as we look forward to developing FELDA settlers as FGV Agro Farmers who can supply us with a variety of other crops, besides FFB.

Overall, the year 2020 has been a difficult one for all of us, but we have utilised this period to strengthen our inner core so that FGV is well-placed to realise the multitude of possibilities that exist for food and agribusiness players.

Since FELDA's announcement to take FGV private, we may be expecting changes to the Board. On behalf of the Management, I would like to take this opportunity to thank the 2020 Board for leading and supporting the Group's transformation agenda since 2018.

I wish to express my appreciation to our main shareholder FELDA for supporting the Management in the execution of the Group's policies and strategies. To all shareholders, we thank you for remaining loyal to FGV through some difficult years.

I also wish to thank the Federal and State Governments for their support and assistance, and government agencies especially MPOB for its training seminars to uplift industry standards.

The execution of our Group's strategies and plans would not have been possible without the support and commitment of our staff and workers. I wish to thank them for their dedication to ensure the FGV BP21 is on track to achieve its goals.

In my two years at FGV, I have found that managing FGV is like managing the future of FELDA settlers. Moving forward, all of us look forward to playing our role to build a better socio-economic environment for FELDA settlers, a vital force of Malaysia's oil palm industry since it began in the 1960s.

**Dato' Haris Fadzilah Hassan**  
Group Chief Executive Officer



# Group Financial Review

**THE YEAR 2020 WAS AN EVENTFUL YEAR FOR FGV BECAUSE THE COVID-19 PANDEMIC DISRUPTED MANY OF FGV'S BUSINESS ACTIVITIES AND AFFECTED DOMESTIC AND GLOBAL DEMAND FOR THE GROUP'S PRODUCTS AND SERVICES. WHILE THE YEAR ENDED ON A POSITIVE NOTE DUE TO HIGHER CPO PRICES, MANAGEMENT HAD INSTITUTED STRICTER FINANCIAL DISCIPLINES ACROSS THE BOARD TO COMBAT THE CHALLENGES FACING FGV.**

The year marked a financial turnaround for the Group after two consecutive years of huge losses. This turnaround was achieved amid a challenging operating landscape marred by the COVID-19 pandemic. Other than the higher CPO prices, the Group's transformation initiatives which include stricter financial disciplines had been undertaken to improve its financial health.

During the year, the Group executed several initiatives to improve operational performance, reduce costs and monetise non-core/non-performing assets. The Group secured RM68 million from the divestment of Kao Malaysia, FGV Cambridge Nanosystems Limited and disposal of land in Malaysia Cocoa Manufacturing Sdn. Bhd.

The Group's largest plantation subsidiary has embarked on implementing SAP Estate Management System as part of initiatives to have a single ERP system to support more robust and timely reporting. The migration is ongoing and expected to be completed in 2021. The Group has initiated conversion of manual processes of CAPEX utilisation requests and tracking into an electronic digitisation process flow. All budget utilisation requests, budget checking and approval processes will be carried out online.

Across the Group, management implemented a group-wide costs savings initiative whereby approximately 10% savings in administrative expenses; which equals to RM87.2 million had been realised. This includes some reduction in salary and allowance for General Managers and above to mitigate COVID-19 impact.

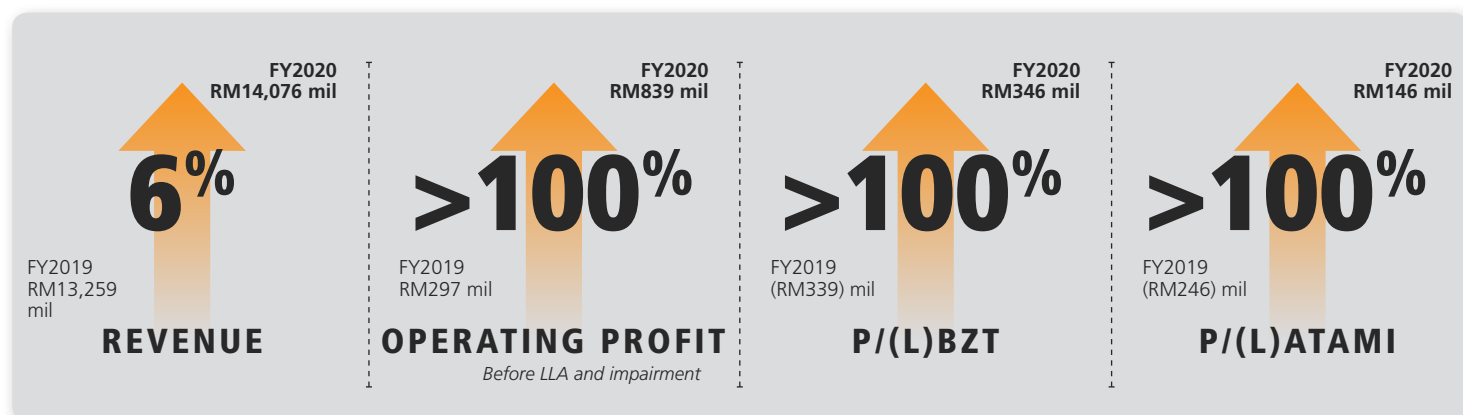
Efforts were also made to enhance financial controls by improving the Group's Limit of Authorities. With enhanced financial controls, the Group is better governed and financially managed. It is worth noting that at the end of the financial year 2020, the Group cash reserves had climbed up to RM1.73 billion, an increase of 6.9% compared to the year before.

## FINANCIAL PERFORMANCE

In FY2020, the Group recorded a 6.2% increase in revenue to RM14.08 billion from RM13.3 billion in 2019. This was attributed to higher average CPO prices realised at RM2,675 per MT and improved sales volume in the Sugar Business. Despite the increase in our CPO cost ex-mill and lower contributions from our Logistics & Others, the Group's operating profit before impairment and LLA charge recorded a growth of more than 100% at RM839 million in FY2020.

This was mainly attributed to higher palm product margins and better gross profit margins in the Sugar Business. In line with a strong operating profit before LLA charges and impairment recognised in FY2020, the Group posted a positive result with a Profit Before Zakat and Tax (PBZT) of RM346.1 million compared to a Loss Before Zakat and Tax (LBZT) of RM338.8 million in 2019. This was an increase of more than 100% from the previous year result and mainly attributed to lower LLA fair value charge, decrease in administrative expenses and finance cost by 10.1% and 11.6% respectively. In addition, better results from our joint venture business contributed to our bottom line performance.

The Plantation Business contributed RM402.0 million in PBZT, Logistics & Others contributed RM50.5 million while Sugar Business reported lower loss of RM34.5 million.





## GROUP FINANCIAL POSITION

The Group's total assets in 2020 stood at RM17.2 billion, a reduction of 2.9% from RM17.7 billion in 2019.

This was attributed to decrease in property, plant and equipment mainly due to impairment loss in Asian Plantations Limited amounting to RM137.4 million and impairment loss on rubber plantations amounting to RM40.8 million. Following the discontinuation of rubber plantation in Chuping, Perlis, the Group recognised impairment loss and bearer plant written-off amounting to RM62.9 million in Sugar Business. However, the decrease was partially offset by increase in receivables and improvement in cash by 16.3% and 6.9% respectively.

Total liabilities decreased by 4.5% from RM11.6 billion to RM11.1 billion in 2020 attributed to decrease in borrowings and lower payables. As a result, net current asset improved to RM295.4 million from RM13.4 million in 2019.

Total equity for the Group in 2020 stood at RM6.1 billion, similar to 2019.

## STATEMENT OF CASH FLOW

The Group's total cash balance as at 31 December 2020 increased by 6.9% to RM1.73 billion (2019: RM1.62 billion).

The improved cash flow was due to improved working capital management and proceeds from divestment during the year.

## DIVIDEND

In line with the improved financial performance for the financial year ended 31 December 2020, a final dividend of 3 sen per share amounted to RM109.4 million was paid on 31 March 2021.

## KEY FINANCIAL INDICATORS

For the year 2020, there was an improvement in earnings per share of 4 sen against negative 6.7 sen reported in 2019. Net assets per share rose to RM1.17 from RM1.14 while shareholders' fund stood at RM4.26 billion compared to RM4.17 billion in 2019.

The gearing ratio fell to 1.39 times compared to 1.51 times in 2019. The Group's liquidity ratio also increased from 1.00 times to 1.07 times.

## OUTLOOK

For 2021, the Group remains cautiously optimistic of the Group's financial performance. It expects CPO prices to remain above RM2,500, but wary of the challenges arising from the shortage of plantation workers for upstream activities.

The Sugar Business is showing signs of recovery, and we will continue to focus on strategies to improve the operational efficiency and financial performance of this business. For our Logistics & Others Business, we expect better performance, especially when movement restrictions and lockdowns are completely lifted.

Overall, the Group is continuing its efforts to deliver better results operationally and financially to create more value for our shareholders. These include initiatives that deliver sustained results for the benefit of all stakeholders.



*From left (standing) :* • Hasnul Fadil Al Hadi Kharis – Manager (M), Logistics & Support Business (LSB) Sector • Mohd Izam Pariz Zamri – Vice President (VP) / Group Accountant (GA), LSB Sector • Siti Azrina Abdul Razak – SM, Group Budgeting • Shahril Ibrahim – VP / GA, Plantation Sector (PS) • Mohammad Asraf Nordin – M, PS

*From left (sitting) :* • Rahayu Alias – Upstream, General Manager (GM) / GA • Sumarni Zubir – GM Group Statutory Reporting & Consolidation • Aznur Kama Azmir – Senior VP / Group Financial Controller • Dato' Mohd Hairul Abdul Hamid – Group Chief Financial Officer • Haslinda Abdul Rahim – Senior GM / GA, Finance Policy & Governance (FPG) • Syakima Nur Sabri – M, FPG



## Group Financial Review

### GROUP PROCUREMENT

FGV has become more vigilant on procurement spending and introduced measures to minimise leakages. As a result, we realised 16.7% in savings from procurement activities in 2019 that translated to RM175 million. This result is the outcome of improved processes and negotiation strategies. The biggest savings were achieved in fertiliser procurement and estate and mills expenditure.

The Group continued with this effort in 2020 and achieved RM176 million or 17.3% in savings against the Group's internal target of RM150 million, despite the COVID-19 pandemic that saw a slowdown in procurement activities. We will continue to rigorously monitor our procurement expenditure as part of our approach to reduce our operating costs.

**Achieved 17.3%  
Cost Savings in 2020**



#### Strategic Sourcing

- **Smarter spend** with "buy what we need when we need" approach to eliminate wastage.
- **Lowest sourcing cost model** to buy from lowest global/regional/local sources without compromising quality and service.
- **Mega Sourcing Projects** that consolidate volume + requirements of common items + services across the Group, resulting in a procurement plan that is more efficient and eliminates duplication.
- **Technology focus** to manage Group demand such as paperless workplace via automation and digitalisation to increase speed to market.
- **Collaborate and leverage with key strategic partners for win-win benefits** to drive supply cost efficiency and enhance customer experience.
- **Integrity as a procurement fundamental**, with zero tolerance for non-compliance and consequence management.



#### Cost Savings

- Against the Group's internal target of RM150 million, we delivered RM176.3 million or 17.3% in cost savings in 2020, despite the COVID-19 pandemic.



#### Operational Excellence

- **Recommended Procurement Champion Programme in July 2020.** Conducted multiple Procurement Process Refresher Learning Series to entrench deep understanding of procurement processes and to minimise compliance issues. Also conducted knowledge sharing sessions with external parties to acquire new knowledge on procurement processes, systems and best practices.
- **Cluster Approach** where we introduced several categories that were grouped and managed as clusters. The objective is to reap economies of scale, optimise outcomes, secure greater savings, use resources efficiently and gain a better understanding of the market.



## STATEMENTS OF PROFIT OR LOSS

	Group	
	2020 RM'000	2019 RM'000
Revenue	<b>14,075,712</b>	13,259,012
Cost of sales	<b>(12,501,668)</b>	(12,049,310)
Gross profit	<b>1,574,044</b>	1,209,702
Other operating income	<b>132,499</b>	100,391
Selling and distribution costs	<b>(114,671)</b>	(149,908)
Administrative expenses	<b>(774,343)</b>	(861,554)
Reversal of impairment/(impairment) of financial assets (net)	<b>7,793</b>	(86,300)
Impairment of non-financial assets (net)	<b>(242,074)</b>	(168,262)
Other operating expenses	<b>(22,697)</b>	(3,558)
Other losses, net	<b>(116,034)</b>	(234,499)
Operating profit/(loss)	<b>444,517</b>	(193,988)
Finance income	<b>39,612</b>	25,085
Finance costs	<b>(161,872)</b>	(183,158)
Share of results from associates	<b>366</b>	(1,625)
Share of results from joint ventures	<b>23,441</b>	14,858
Profit/(loss) before zakat and taxation	<b>346,064</b>	(338,828)
Zakat	<b>(16,300)</b>	(6,397)
Taxation	<b>(195,571)</b>	(25,931)
Profit/(loss) for the financial year	<b>134,193</b>	(371,156)
Profit/(loss) attributable to:		
Owners of the Company	<b>146,156</b>	(246,174)
Non-controlling interests	<b>(11,963)</b>	(124,982)
	<b>134,193</b>	(371,156)
Earnings per share ("EPS") attributable to owners of the Company		
Basic and diluted EPS (sen)	<b>4.0</b>	(6.7)



# Group Financial Review

## STATEMENTS OF FINANCIAL POSITION

	Group	
	2020 RM'000	2019 RM'000
<b>ASSETS</b>		
<u>Non-current assets</u>		
Property, plant and equipment	7,810,463	8,190,118
Right-of-use assets	2,299,579	2,213,761
Investment properties	93,789	106,049
Intangible assets	958,289	969,754
Interests in associates	38,058	39,757
Interests in joint ventures	441,546	437,064
Receivables	136,078	86,736
Amount due from ultimate holding company	12,455	52,276
Amounts due from joint ventures	-	1,017
Amounts due from other related companies	-	12,218
Deferred tax assets	526,672	651,301
Financial assets at fair value through other comprehensive income	144,251	107,434
Loans due from joint ventures	-	-
	<b>12,461,180</b>	<b>12,867,485</b>
<u>Current assets</u>		
Inventories	1,192,616	1,313,037
Biological assets	57,001	45,766
Receivables	1,410,955	1,213,217
Contract assets	27,880	28,417
Amount due from ultimate holding company	62,440	70,375
Amounts due from joint ventures	26,908	148,011
Amounts due from other related companies	63,660	76,618
Tax recoverable	33,539	51,264
Financial assets at fair value through profit or loss	68,201	58,940
Derivative financial assets	14,061	18,388
Deposits, cash and bank balances	1,729,194	1,617,622
	<b>4,686,455</b>	<b>4,641,655</b>
Assets held for sale	31,866	192,499
	<b>4,718,321</b>	<b>4,834,154</b>
Total assets	<b>17,179,501</b>	<b>17,701,639</b>



## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Group	
	2020 RM'000	2019 RM'000
<b>EQUITY AND LIABILITIES</b>		
<u>Capital and reserves</u>		
Share capital	7,029,889	7,029,889
Treasury shares	(518)	(302)
Foreign exchange reserve	26,497	52,218
Reorganisation reserve	(3,089,497)	(3,089,497)
Other reserves	10,624	(20,682)
Retained earnings	284,708	201,575
Equity attributable to owners of the Company	4,261,703	4,173,201
Non-controlling interests	1,838,504	1,927,099
Total equity	6,100,207	6,100,300
<u>Non-current liabilities</u>		
Borrowings	773,182	766,054
Lease liabilities	358,036	258,957
Loans due to ultimate holding company	882,866	883,176
Land lease agreement ("LLA") liability	3,881,584	4,063,332
Derivative financial liabilities	10,163	5,166
Provision for asset retirement	32,358	32,124
Provision for defined benefit plan	67,492	87,801
Deferred tax liabilities	635,501	671,954
Payables	15,196	12,000
	6,656,378	6,780,564
<u>Current liabilities</u>		
Payables	1,049,465	906,970
Contract liabilities	104,168	77,623
Loans due to ultimate holding company	3,322	3,322
Amount due to ultimate holding company	265,984	216,558
Amount due to an associate	494	485
Amounts due to other related companies	1,374	1,604



## Group Financial Review

### STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Group	
	2020 RM'000	2019 RM'000
<b>EQUITY AND LIABILITIES (continued)</b>		
<u>Current liabilities (continued)</u>		
Derivative financial liabilities	929	29,266
Borrowings	2,633,582	3,254,504
Lease liabilities	27,790	41,838
Provision for asset retirement	643	655
Current tax liabilities	2,925	34,520
LLA liability	332,240	252,814
	<b>4,422,916</b>	<b>4,820,159</b>
Liabilities related to assets held for sale	-	616
	<b>4,422,916</b>	<b>4,820,775</b>
Total liabilities	<b>11,079,294</b>	<b>11,601,339</b>
Total equity and liabilities	<b>17,179,501</b>	<b>17,701,639</b>

### KEY FINANCIAL RATIO

	UOM	2020	2019	YoY
Total Assets	RM million	17,180	17,702	-3%
Total Liabilities	RM million	11,079	11,601	-5%
Cash and Cash Equivalents	RM million	1,729	1,618	7%
Net Assets (NA) per Share	RM	1.17	1.14	2%
Retained earnings	RM million	285	202	41%
Total Equity	RM million	6,100	6,100	0.003%
Earning per Share (EPS)	sen	4.0	-6.7	>100%
Return on Shareholders' Fund (ROSF)	%	3.4	-5.9	>100%
Total Borrowings	RM million	4,293	4,907	-13%
Total Borrowings and LLA	RM million	8,507	9,223	-8%
Liquidity Ratio	times	1.07	1.00	6%
Gearing Ratio*	times	1.39	1.51	-8%
Gearing Ratio (excluding LLA)	times	0.7	0.8	-13%



## STATEMENTS OF CASH FLOWS

	Group	
	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the financial year	134,193	(371,156)
Adjustments for:		
Taxation	195,571	25,931
Zakat	16,300	6,397
Depreciation of property, plant and equipment	662,510	672,397
Impairment loss on property, plant and equipment (net)	221,769	159,802
Property, plant and equipment written off	34,332	14,486
(Gain)/loss on disposal of property, plant and equipment (net)	(4,119)	12
Depreciation of right-of-use assets	84,334	71,239
Impairment loss on right-of-use assets	20,305	8,281
Depreciation of investment properties	12,260	12,321
Amortisation of intangible assets	23,655	27,779
Intangible assets written off	-	2,173
Impairment loss on intangible assets	-	179
Gain on disposal of assets held for sale	(33,762)	-
Reversal of impairment on amounts due from an ultimate holding company	(13,341)	(27,860)
Impairment loss on amounts due from joint ventures	4,000	89,669
Reversal of impairment on amounts due from other related companies	(24)	(30,440)
Impairment loss on loans due from joint ventures	-	47,171
Impairment loss on contract assets	1,551	-
Gain on disposal of a subsidiary	-	(219)
Realisation of foreign exchange upon disposal of assets held sale	(4,342)	-
Realisation of foreign exchange upon disposal of a subsidiary	-	(3,658)
Loss on disposal of an associate	-	1,413
Impairment loss of receivables (net)	1,572	7,760
Write down of inventory	3,589	2,379
Share of results from associates	(366)	1,625
Share of results from joint ventures	(23,441)	(14,858)
Net unrealised foreign exchange loss/(gain)	7,326	(2,685)
Dividend income from financial assets through other comprehensive income	(2,814)	(1,394)
Finance costs	161,872	183,158
Finance income	(39,612)	(25,085)
Other losses, net	127,282	237,817
Fair value changes in biological assets (net)	(11,248)	(3,318)
Provision for defined benefit plan	(22,189)	16,163
Termination of lease contracts (net)	496	-
Unwinding of discount for provision for asset retirement	437	459
Provision for litigation loss	19,802	-
Provision for LTIP	2,404	3,589
Operating profit before working capital changes	1,580,302	1,111,527
Changes in working capital:		
Inventories	115,808	734,032
Receivables	(211,182)	21,604
Intercompany	253,622	364,613
Payables	109,720	(271,265)



# Group Financial Review

## STATEMENTS OF CASH FLOWS (CONTINUED)

	Group	
	2020	2019
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>		
Cash generated from operation	1,848,270	1,960,511
Finance income	39,612	25,085
Taxation paid	(118,340)	(109,501)
Zakat paid	(16,300)	(6,397)
Tax refunded	4,800	155,476
Retirement benefit paid	(2,363)	(17,057)
Payment for litigation loss	-	(32,674)
Net cash generated from operating activities	1,755,679	1,975,443
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(435,536)	(620,894)
Purchase of right-of-use assets	-	(4,860)
Purchase of intangible assets	(3,337)	(3,262)
Additions of financial assets at fair value through other comprehensive income	(3,521)	(8,034)
Additions of financial assets at fair value through profit or loss (net)	(13,278)	(23,781)
Net cash inflow from disposal of subsidiaries	-	77,347
Net cash inflow from acquisition of subsidiaries	207	-
Additional investment in subsidiaries	(1,076)	-
Additional investment in a joint venture	(1,274)	(6,584)
Repayment of loans from joint ventures	-	22,510
Payment for asset retirement	(52)	(63)
Proceeds from disposal of property, plant and equipment	4,830	385
Proceeds from disposal of assets held for sale	54,522	-
Proceeds from disposal of an associate	-	29,000
Proceeds from disposal of financial assets at fair value through comprehensive income	14,007	-
Proceeds from sales of financial assets at fair value through profit or loss (net)	-	8,731
Dividends received from joint ventures	16,401	42,895
Dividends received from associates	3,437	1,167
Dividends received from financial assets at fair value through other comprehensive income	2,814	1,394
Net cash used in investing activities	(361,856)	(484,049)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans due to an ultimate holding company	(310)	(272,605)
Drawdown of borrowings	8,959,653	4,474,502
Repayment of borrowings	(9,586,469)	(4,699,230)
Payments of lease liabilities	(43,676)	(39,121)
Repayment of LLA liability	(260,812)	(248,683)
Dividends paid to shareholders	(72,963)	-
Dividends paid to non-controlling interests	(91,861)	(82,395)
Finance expense paid	(175,980)	(221,921)
Purchase of treasury shares	(2,620)	(3,186)
(Increase)/decrease in restricted cash	(14,562)	75,169
Net cash used in financing activities	(1,289,600)	(1,017,470)
NET INCREASE IN CASH AND CASH EQUIVALENTS	104,223	473,924
Effect of foreign exchange rate changes	(7,100)	(1,644)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	1,568,447	1,096,007
(Increase)/decrease in assets held for sale	(113)	160
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	1,665,457	1,568,447



## STATEMENTS OF VALUE ADDED

	2020 RM'000	2019 RM'000
Revenue	14,075,712	13,259,012
Direct & indirect cost	(8,221,754)	(8,529,670)
Purchase of FFB from settlers	(3,345,816)	(2,624,697)
<b>Value Added from Operations</b>	<b>2,508,142</b>	<b>2,104,645</b>
Other operating income	132,499	100,391
Other gains	42,456	2,322
Share of results of joint ventures & associates	23,807	13,233
Finance income	39,612	25,085
<b>Total Value Added</b>	<b>2,746,516</b>	<b>2,245,676</b>

## STATEMENTS OF VALUE DISTRIBUTED

	2020 RM'000	2019 RM'000
Employees	1,455,821	1,617,610
Government (Corporate Taxation & Zakat)	211,871	32,328
<b>Providers of capital</b>		
Finance cost	161,872	183,158
Non-controlling interests	(11,963)	(124,982)
Depreciation & amortisation	782,759	783,736
Retained profit/(loss)	146,156	(246,174)
	<b>2,746,516</b>	<b>2,245,676</b>



# Group Strategy & Business Plan Review

FGV Group's Strategy takes a long term end-in-mind approach with the aim to elevate FGV's value proposition and ultimately become an internationally renowned integrated and sustainable agribusiness player.

Thus, the Group established two new businesses under its belt to achieve its objectives. In addition to the existing three businesses, namely Plantation, Sugar, and Logistics & Others, FGV has now included Integrated Farming, and Consumer Products as well.

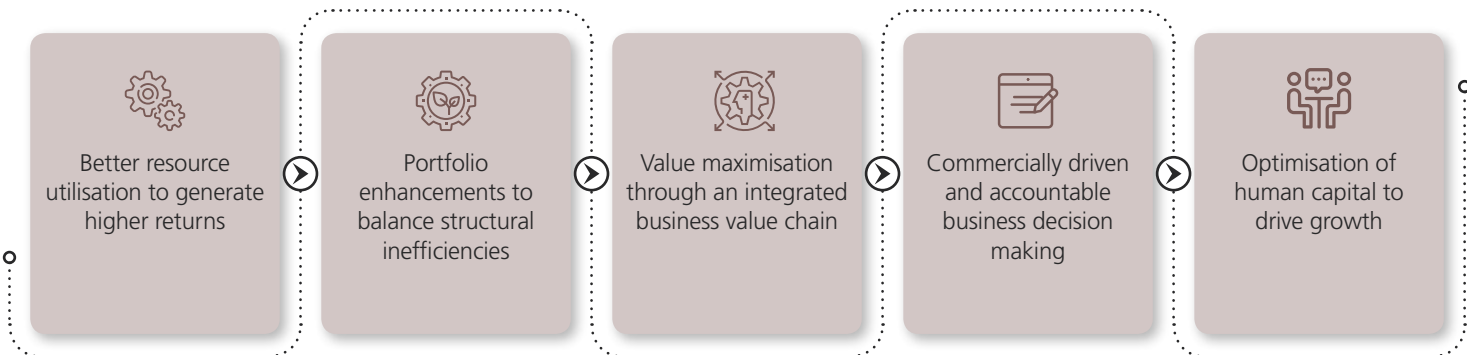
The business activities involved under the two new businesses are in fact not entirely new to FGV. However, we will see greater efforts being made on these businesses to enable FGV to bring its business activities towards higher and more sustainable profits and returns.

Integrated Farming will allow FGV to have the option to optimise the Group's returns for every hectare of land under its belt and have selective exposure throughout the whole value chain of different types of cash crop various besides palm oil.

Consumer Products on the other hand will function as product consolidator, where it will sell various food and non-food products produced by FGV Agro Farmers as well as contract manufacturers. These consumer products will ultimately be sold under FGV's own consumer brands. Strong emphasis will be given towards building brand equity and developing high quality products that are accepted worldwide across different cultures and lifestyles.

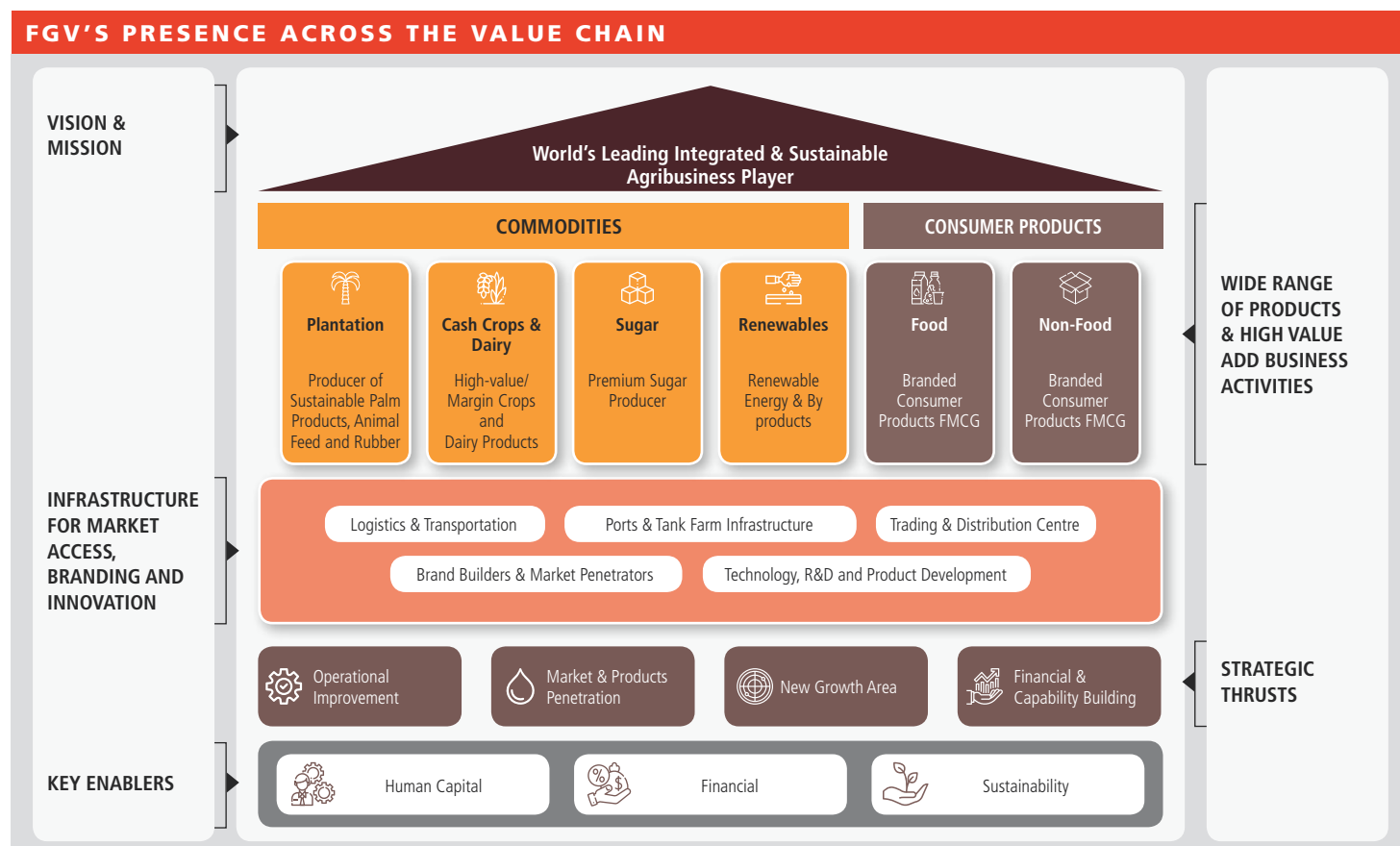
As for the medium term horizon, the Group's Business Plan captures all of the Group's key strategic initiatives (KSI) that need to be undertaken by each business for the Group to meet its financial and operational targets in the next three (3) years and beyond. The ultimate aim is to be able to realise FGV's end-in-mind in the long run.

The Group's Business Plan has been developed based on the following guiding principles:





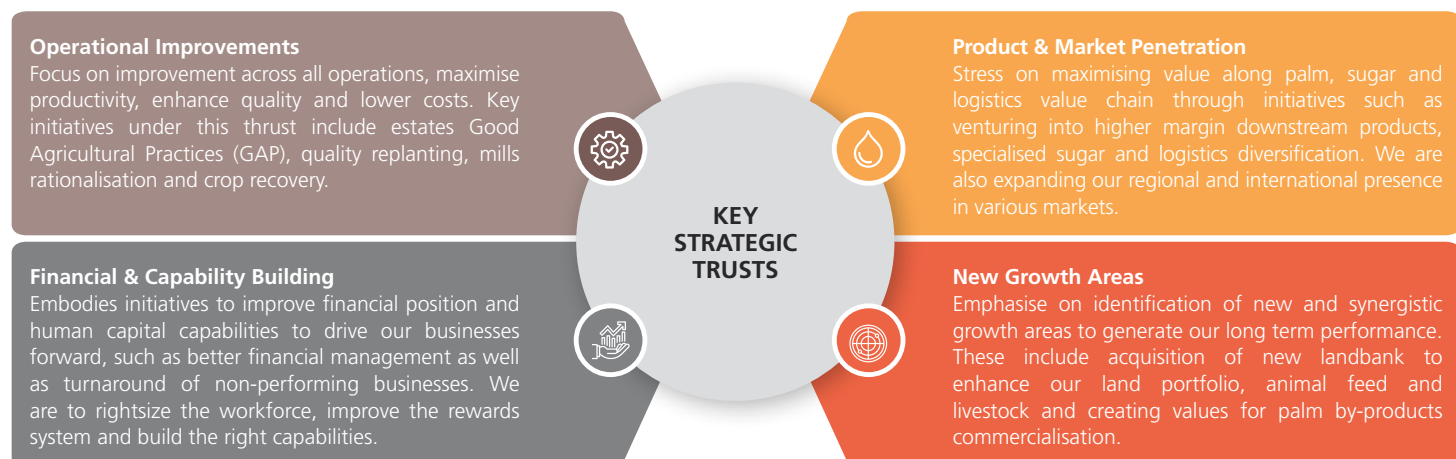
As a responsible business, FGV has embedded robust corporate governance, sustainable and responsible practices to ensure all of our businesses are committed towards delivering value to all stakeholders, communities, and the environment that we operate in.



## DELIVERING LONG TERM SUSTAINABLE GROWTH

The Group has a clearly defined strategic road map to drive future growth and sustainable value creation. In 2020, the Group has rationalised its multiple businesses under two (2) key pillars, namely, Commodities and Consumer Products, to reap the benefits of potentially high margins that can be derived from value added products.

To realise this, the Group is intensifying the execution of four strategic thrusts that will see the strengthening of the Group's infrastructure, market and branding capabilities while building up its human, financial and sustainability resources.





## Group Strategy & Business Plan Review

### STRATEGIC BLUEPRINT - FOCUSING ON CONSUMER PRODUCTS

During the year, the Group officially made Consumer Products an independent business to complement our long established Commodities revenue stream. Previously, it was known as the downstream division of our Plantation Division. Consumer products are not new to FGV – we have already established a strong market presence with our signature Saji brand of food products.

Moving forward, we plan to intensify our presence in the consumer products market. While our Consumer Products will initially be palm-based, it will not be exclusively dependent on our upstream resources. It will also explore other high growth food products.

Our decision to establish a strong and dynamic presence in the consumer products space is based on the outcome of a detailed strategic review where FGV's high-level playing field was reassessed taking into account both macro and microeconomic factors to then be able to design a suitable long term growth strategy that is able to deliver sustainable returns for all stakeholders. Based on the mapping exercise, some of the key issues that the Malaysian plantation industry has been facing for the past few years are as follows:

- Cost escalation is not due to operational inefficiencies, but due to Malaysia's continued growth in national income per capita which leads to higher cost structures, thus requiring businesses in Malaysia to be involved in higher value-add economic activities.

- Declining margins from commodities as costs continue to escalate while CPO prices are subject to market forces.
- In the long run, there is a high chance of Malaysia's Palm Oil Upstream and Midstream businesses to be undertaken by lower income palm oil producing nations due to their lower cost structures.
- High value creation opportunities exist in downstream consumer products that have steadier profit margins, higher returns, and bigger market size.
- Malaysia's huge food import bill of approximately RM60 billion per annum represents a huge import substitution opportunity for local players that are able to produce and sell similar high quality products but at much better prices.

In 2020, the Consumer Products Strategic Blueprint was approved by the Board. It represents an extension of the Group's existing high level Strategy Map to become one of the world's leading integrated and sustainable agribusiness players.

The blueprint provides for the establishment of the Consumer Products Division that is to focus on developing and marketing of higher value-add branded consumer products. They are:

- To become a 'price maker' to mitigate the impact of long term declining profit margins and returns from the upstream business.
- To generate better returns for shareholders and also other key stakeholders.

### INTEGRATED FARMING

Integrated Farming represents FGV's commitment towards embracing the circular economy and efforts towards maximising value from its land assets that exist in the Group's overall business operations.

FGV Integrated Farming is entrusted to achieve the following goals:



**Contribute** to the National Food Security Strategy



Tap into Premium Market with a Focus on a **Healthy Lifestyle**



**Capitalise on** FGV's Competitive Edge



**Expand** Participation in the Business Value Chain

Integrated Farming focuses on six (6) key business pillars. They are:

### PROJECTS ON THE GROUND

#### Animal Feed

Palm-based animal nutrition has tremendous growth potential, and FGV has identified it as an important income stream. Derived principally from palm kernel expeller (PKE), this palm waste product is being exported and had low profit margins. Our R&D Division has conducted tests on palm-based animal feed to develop high-quality animal feed products.

FGV currently produces 400,000 MT of PKE annually. As an animal feed producer, we are committed towards ensuring that FGV's animal feed is produced in accordance with the highest standards of quality, safety and productivity to support sustainable livestock farming.

#### Cash Crops

Up to 2020, FGV's cash crop cultivation was limited to intercropping activities, where land meant for replanting of palm oil is utilised for the planting of other shorter life-cycle cash crops. As much as 15,000 hectares of land lies fallow every year during replanting.

We are also cultivating Cavendish bananas under a contract farming arrangement, where small farmers are contracted to supply the fruits to FGV to sell in domestic or export markets. Currently, we are testing the business viability of other fruits such as jackfruit and watermelon.

We are also testing the potential of biomass from pineapple and banana cultivation to be processed as animal feed.





### MD2 Pineapple Seed Garden

A total of 237,309 suckers have been planted in Maokil 7, Johor since November 2019. The suckers are to be used for FGV's commercial-scale plantations.



### Cavendish banana plantation

In 2020, there were 64,500 Cavendish banana trees planted in Paloh, Johor. Integrated Farming targets to replicate banana intercropping on 1,000 ha of FGV's replanting area.

## Dairy Farming

In February 2020, FGV became a 60% equity partner of RedAgri Farm Sdn. Bhd. (RedAgri) with a RM10 million investment. This partnership marks the Group's entry into the dairy farm and fresh milk processing business. The joint venture is now called FGV Dairy Farm (FGV DF). FGV Dairy Farm's milk is marketed under the Bright Cow brand.

Currently, FGV DF processes 1,250 litres of fresh milk a day, and targets to increase production to 30,000 litres a day by 2022. Most of the increased production is already committed to industrial and commercial customers. FGV plans to increase production to meet more local demand with the appointment of contract farmers.



### FGV nucleus dairy farm in Linggi, Negeri Sembilan

On 14 December 2020, a new batch of 120 dairy cows arrived from Australia, and increased the total number of cattle here from 130 to 250.



### FGV fresh milk processing plant

The milk processing plant in Ara Damansara is to be relocated to a state of the art facility at the dairy farm in Linggi in 2021. The new facility will have a production capacity of 10 million litres a year.



### FGV multiplier farm

FGV's new dairy farm to support the production of fresh milk marketed under the Bright Cow brand.



### Contract farming (agro-entrepreneurs)

Contract farmers from the B40 group are to be assisted to become FGV agro farming entrepreneurs.



### Calf farm in oil palm plantations

Male calves raised for feedlot farming in FGV's oil palm plantations.



## Group Strategy & Business Plan Review



### Paddy & Rice

In 2020, Integrated Farming has identified approximately 10,000ha area for large scale mechanised paddy farming which will take full execution by 2025. The estimated optimum production capacity is 70,000 tonnes net paddy which align with The Ministry of Agriculture and Food Industries (MAFI) objective. In order to achieve the desired production capacity, integrated farming has initiated collaboration with Malaysian Agricultural Research and Development Institute (MARDI), Department of Agriculture (DOA), Integrated Agriculture Development Area (IADA) as well as Federal Land Consolidation and Rehabilitation Authority (FELCRA) to improve current mechanisation. As of now, Integrated Farming has secured 300ha area for MRQ76 fragrant paddy farming which located at Barat Laut Selangor and Seberang Perak. The farming hectarage will increase annually and not limited at Perak and Selangor, but also Pahang and Kelantan in order to achieve the 10,000ha by 2025.

For large-scale paddy farming, Integrated Farming has implemented Contract Farming business model in order to reduce risk at operational activities. However all contract farmers are compulsory to follow standard operating procedure (SOP) that has been concurred by both parties and with the participation of governmental agencies like MARDI, DOA and IADA.

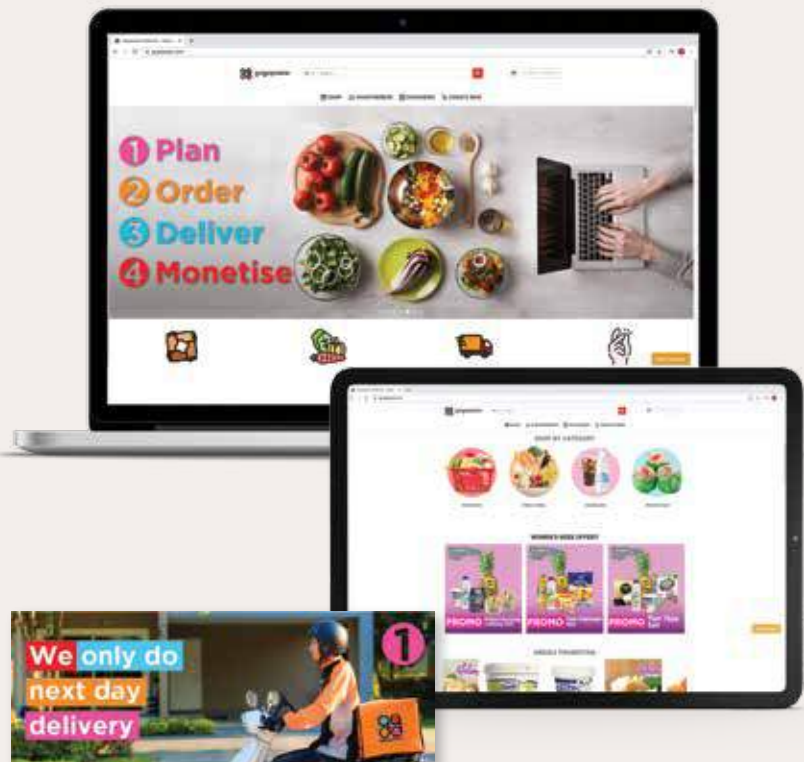
### e-Commerce with GOGOPASAR

In November 2020, FGV invested in a local start-up company which we then launched GOGOPASAR an online grocery marketplace. GOGOPASAR enables FGV to enhance its end-to-end agribusiness supply chain by connecting directly to consumers.

GOGOPASAR is a subsidiary of FGV Integrated Farming Holdings Sdn. Bhd. that was established for cash crop cultivation, paddy farming, livestock and dairy farming and animal feed production.

GOGOPASAR represents a convergence of technology and commerce, connecting business-to-business (B2B) and business-to-consumer (B2C) markets. There is no limit to the quantity of sales or purchases.

GOGOPASAR functions as an end-to-end virtual retailer that integrates suppliers, warehouses and logistics. It is also a virtual retail platform for direct sales to consumers at competitive prices and assurance on high quality products. Purchases can be made through GOGOPASAR's website at [www.gogopasar.com](http://www.gogopasar.com) or through the App Store and Google Play Store.





## FGV AGRO VALLEY

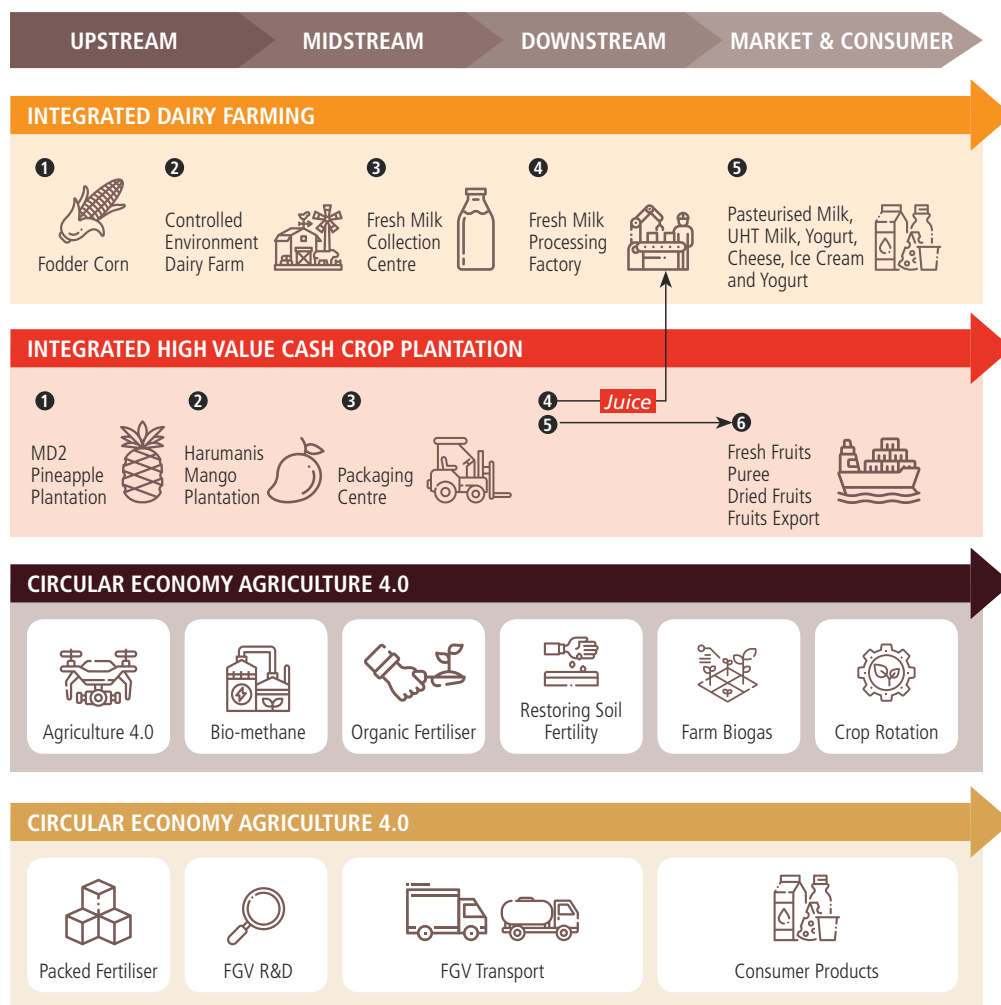
In May 2020, FGV and its public listed subsidiary MSM Malaysia Holdings Berhad entered into a commercial arrangement for FGV to develop a new agricultural growth area called FGV Agro Valley in Chuping, Perlis.

The FGV Agro Valley is a 4,499 ha development that is expected to redefine the agricultural landscape of Perlis with its Industrial Revolution 4.0 approaches by incorporating modern technologies and mechanisms, sustainable development priorities and value added products.

FGV Agro Valley's primary focus is integrated dairy farming and high value cash crop agriculture. It is set to play an important role in building up Malaysia's agribusiness industry that is promoted for national food security.

In addition, the development is expected to create the Malaysian economy that is currently on a downward trend due to the impact of the COVID-19 pandemic. The development of FGV Agro Food Valley is expected to create 300 jobs for the local community and business opportunities to youth farmers, especially those from the B40 group, who can participate in contract farming, logistics and the supply of goods and services.

With our target to become one of the leading food hubs in Malaysia, delivering sustainable value to shareholders and better livelihood for the local community while being environmentally responsible. FGV Agro Food Valley will continue to fortify the national agro-food sector whilst assuring food security for the country.





# Group Business Review

## PLANTATION



The Plantation Business is the backbone of the FGV Group, and it is primarily engaged in the entire palm oil value chain, from upstream, downstream, marketing & trading to research & development activities. This business is also engaged in rubber upstream activities.



The year 2020 was a challenging one for the plantation business that was affected by three (3) key factors:

- Lag effect of dry weather and drought that resulted in lower fresh fruit bunches (FFB) production, with subsequent declines in yield performance, oil extraction rate (OER) and utilisation factor resulting in higher costs of production ex-mill.
- Shortage of migrant workers due to the Government directive to close borders to prevent the spread of the COVID-19 pandemic.
- COVID-19 pandemic movement restrictions in Malaysia and global economic lockdowns and overall economic slowdown that resulted lower demand and consumption, especially by the HoReCa (Hotel, Restaurant and Cafe) business.

The challenge have increased the needs to take action on the current sustainability risks, particularly on the climate and environmental risk. Initiatives including mitigation actions have been undertaken and the details are disclosed in Section 4 of this report.

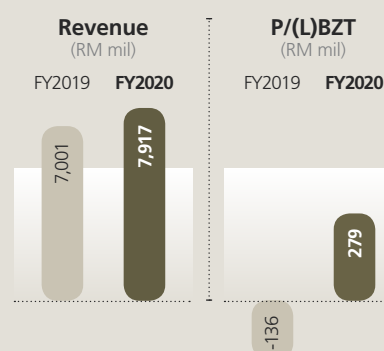
These negative impacts were also mitigated by higher average Crude Palm Oil (CPO) and Palm Kernel Oil (PKO) prices that increased by 30% and 28% respectively during the year.

Overall, the Plantation Business recorded an increase in profit before zakat and taxation (PBZT) of RM402 million in 2020 (2019: LBZT RM9 million) on the back of an 6% increase in revenue that stood at RM11.57 billion (2019: RM10.89 billion).



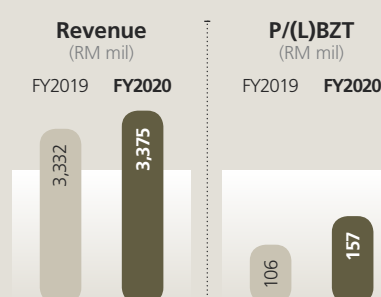
## UPSTREAM &amp; TRADING

Revenue from our Upstream and Trading Division rose 13% to RM7.91 billion (2019: RM7 billion) and PBZT rose to RM279 million (2019: LBZT RM136 million). The more than 100% growth in profit was due to improvements in CPO margins that occurred in tandem with strong CPO price movements. However, the financial performance was partly negated by the 4% lower FFB production and 7% lower CPO processed.



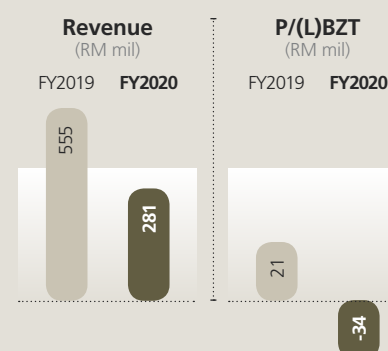
## DOWNSTREAM

Our Downstream division, in the meantime, recorded a PBZT of RM157 million due to the higher CPKO/RBDPKO profit margins and strong contributions from our oleochemical business that included gains from the divestment of FGV-CNS that delivered RM32 million. However, the overall positive performance was offset by the lower profit contributions from our joint venture subsidiaries and associate companies.



## R&amp;D

Revenue from the R&D division declined sharply to RM281 million (2019: RM555 million) to record an LBZT of RM34 million (2019: PBZT RM21 million). This result was mainly due to lower seed sales and decreased demand from customers who were affected by the MCO restrictions. There was also a decline in the fertiliser sales volume because there were fewer tenders during the year because of the overall economic slowdown during the COVID-19 pandemic.



## UPSTREAM OPERATIONAL HIGHLIGHTS

FGV's Plantation Business is dominated by upstream operations that are the biggest contributors of the Group's revenue.

The year 2020 was a challenging one for our upstream operations that experienced lower oil palm fruit yields, labour shortages and the brief suspension of operations due to Movement Control Order restrictions. In addition, the division has delayed its replanting and manuring activities.

Our upstream operations manage a total land bank of 439,275 ha (including LLA land) in Malaysia and Indonesia that produces approximately three million MT of CPO annually. In Malaysia, we have 197 estates located in Selangor, Perak, Pahang, Negeri Sembilan, Johor, Terengganu, Kelantan, Sabah and Sarawak. In Indonesia, we have five (5) estates located in Central and West Kalimantan.

FGV also owns 68 mills across Malaysia, processing over 14 million MT of FFB annually. The mills obtain one-third of its FFB from FGV owned estates on LLA land and the remaining two-thirds are sourced from FELDA settlers and independent smallholders.

In year 2020, the Upstream Division continued its replanting programme at a minimal scale due to disruptions of estate activities caused by the COVID-19 pandemic. This division is acutely aware that maintaining the target rate of replanting is vital to ensure that the age profile stays in the prime range. The replanting activities will continue until the Group achieves a normalised average age profile of 12 years by 2026.

Whilst maintaining the size of mechanised area, the Upstream Division took back 28,500 ha that were contracted out before. With this implementation, the Group will benefit from better FFB collection and reduced dependency on manual harvesters and labour to achieve a higher man-land ratio.

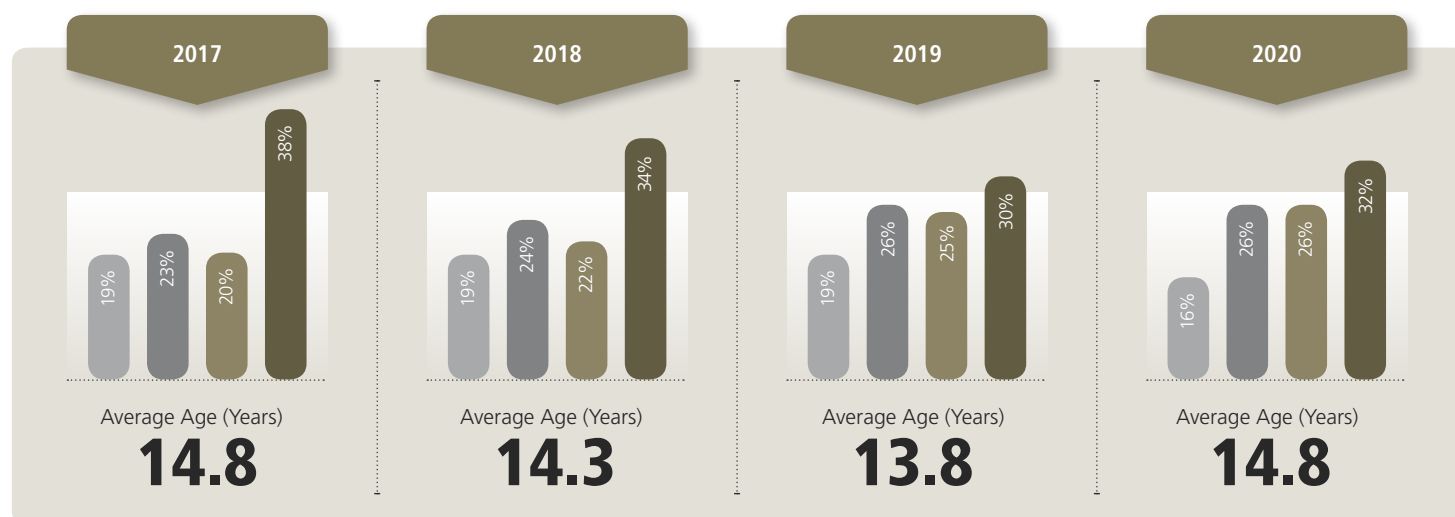


## Group Business Review

### LANDBANK

Landbank (ha)	2020	2019
• Malaysia		
• Peninsular	252,543	252,509
• Sabah and Sarawak	164,154	164,144
• Indonesia		
• Subsidiary	22,578	22,578
• Joint Venture (JV) NA	42,824	42,824
Total landbank (excluding JVs)	439,275	439,230
• Planted areas (oil palm)		
• Immature	59,842	74,953
• Mature	275,562	263,484
Total planted areas (oil palm)	335,404	338,437
• Planted area (rubber)		
• Immature	4,630	7,680
• Mature	3,365	3,521
Total planted areas (Rubber)	7,995	11,201

### AGE PROFILE



### OPERATIONAL PERFORMANCE

During the year, FFB production declined by 4% to 4.29 million MT (2019: 4.45 million MT) while FFB yields declined 8% to 16.96 MT/ha (2019: 18.44 MT/ha) mainly due to the lag effect of dry weather and drought and declining productions from young, old and very old palms.

This in turn affected CPO and PK production that recorded a decline of 6% and 7% respectively. CPO production in 2020 was 2.87 million MT (2019: 3.07 million MT) and PK production stood at 0.72 million MT (2019: 0.77 million MT).

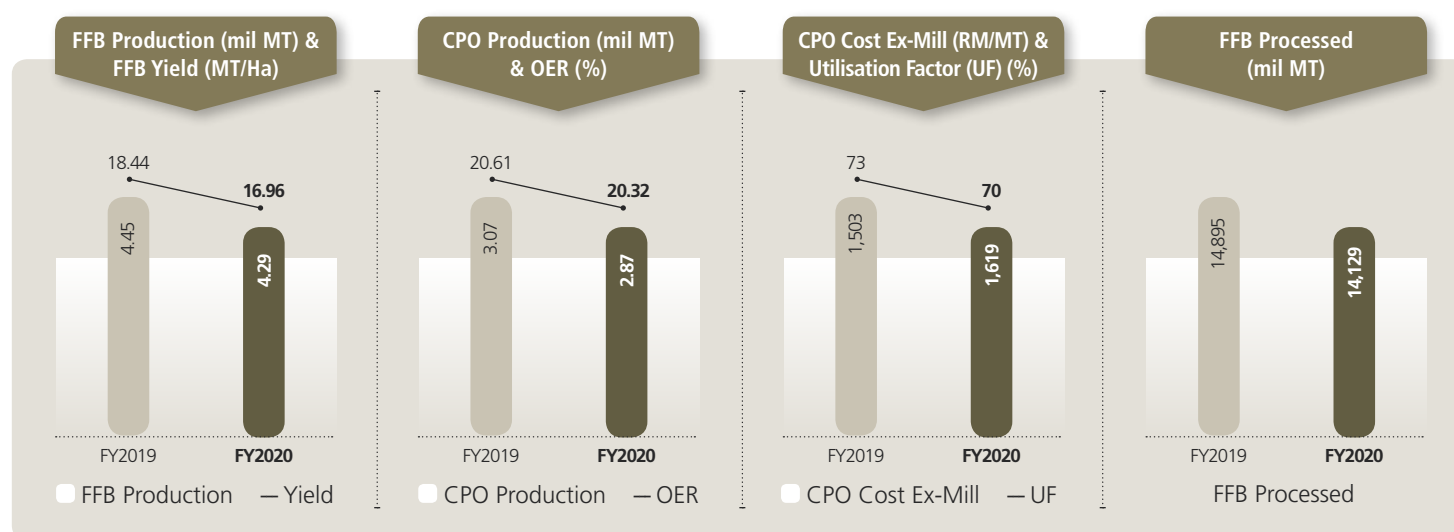
The OER fell 1% to 20.32% (2019: 20.61%) and kernel extraction rate fell 2% lower to 5.09% (2019: 5.20%).

Ex-mill costs rose by 7% to RM1,619/MT mainly due to lower crop production as well as higher estate and milling cost.



The table below illustrates the trend of operational performance between FGV and MPOB in 2020. Overall, the weak performance was in line with the industry as we benchmark our performance with MPOB.

Key Parameters	UOM	FGV 2020	FGV 2019	2020 MPOB (Benchmark)	2019 MPOB (Benchmark)
FFB Yield	MT/HA	↓ <b>16.96</b>	18.44	↓ <b>16.73</b>	17.19
CPO Production	Million MT	↓ <b>2.87</b>	3.07	↓ <b>19.14</b>	19.86
PK Production	Million MT	↓ <b>0.72</b>	0.77	↓ <b>4.70</b>	4.89
OER	%	↓ <b>20.32</b>	20.61	↓ <b>19.92</b>	20.21
KER	%	↓ <b>5.09</b>	5.20	↓ <b>4.90</b>	4.98
UF	%	↓ <b>70.00</b>	73.00	↓ <b>82.26</b>	87.04





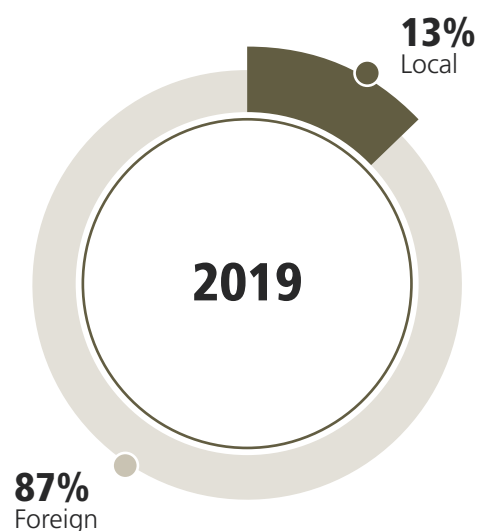
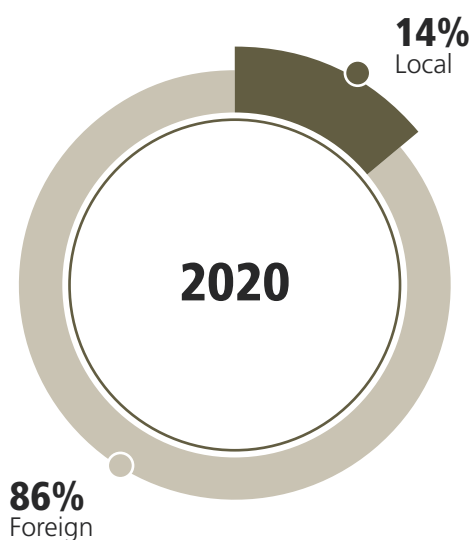
## Group Business Review

### Plantation Workforce

The plantation workforce plays a vital role in the performance of our upstream business as well as the Group's overall performance. It is made up of 31,837 workers, consisting of 4,461 Malaysians and 27,376 migrant workers. Migrant labour declined slightly by 1% in 2020 compared to 2019. They accounted for 87% of our plantation workforce, and FGV is making concerted efforts to increase the number of Malaysians in our plantations.

 <b>Plantation workforce</b> at our estates as of 31 December 2020 <b>31,837</b>	No.	Nationality	2020	2019
	1	Indonesia	<b>13,178</b>	14,732
	2	Bangladesh	<b>7,843</b>	8,531
	3	Philippines	<b>2,146</b>	2,557
	4	Thailand	<b>49</b>	78
	5	Nepal	<b>7</b>	9
	6	Myanmar	<b>2</b>	3
	7	Sri Lanka	<b>1</b>	1
	8	India	<b>4,150</b>	3,434
	<b>TOTAL</b>		<b>27,376</b>	29,345

### TOTAL WORKFORCE



TOTAL WORKFORCE

**31,837**



TOTAL WORKFORCE

**33,859**



## Downstream Division

Our Downstream Division has become of strategic importance to the Group as a means to realise FGV's vision to become a world class integrated agribusiness player. This has seen the division accelerating the momentum for product development and market penetration by entering joint venture partnerships and mergers & acquisitions.

We are currently expanding our export market footprint by exploring sustainable business models as well as developing product portfolios that are tailored to meet different market segments. Our subsidiary Twin Rivers Technologies is spearheading activities to enlarge our footprint in the USA for our palm-based exports. In the meantime, we are exploring partnerships and collaborations to enter the India, MENA and Central Asian markets.

Besides palm based food products, the Downstream Division is diversifying into the animal feed and animal nutrition business. This is representative of our drive for a palm-based circular economy that has the potential to make significant contributions to the Group's revenue.

## Marketing & Trading

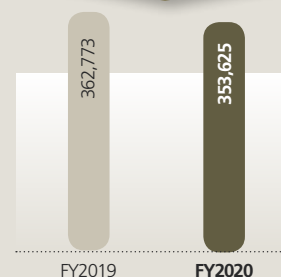
Our Marketing and Trading operations made inroads into the Indian market in 2020.

In July 2020, FGV Trading Sdn Bhd (FGVT) formed a joint venture (JV) company with a Hyderabad based company – Pre-Unique India Pvt. Ltd. (PreU). The new JV – FGV – Pre-Unique (India) Pvt. Ltd. based in India. The potential of India's market is huge, considering that the subcontinent has a population of 1.3 billion. This JV serves as a vehicle for FGV to participate directly in the Indian oils and fats business. India is one of the largest importers of FGV's crude palm oil (CPO) and refined products. FGVT's competitive advantage is access to a diversity of customers specific product requirement and hence the ability to fulfill them. In 2020, we have successfully recorded gain in premium oils segments and trading via arbitrage.

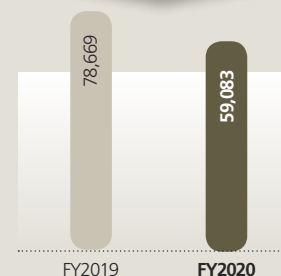
With abundance of by-products generated by our estates and mills, in 2020, we have ramped up production of highly nutritious animal feed to 40,000 MT. Palm Kernel Expeller (PKE), an important ingredient in our animal feed, is also being produced in accordance with world-class food hygiene standards to safeguard the quality and health of livestock.

Moving forward, we will be conducting new research to strengthen our animal feed business. We are strengthening our FMCG food business as the new key driver for revenue growth. In 2021, we plan to develop five (5) new market-driven oil and fats products. Our future plan also includes penetrating the Premium Segregated (SG) CPKO market and developing premium PKE as another animal feed product.

### Oils and Fats Sales Volume (MT)



### Biodiesel Sales Volume (MT)





## Group Business Review

### Research & Development

Our R&D Division plays a critical role in product development as well as market penetration and revenue generation. It is credited for the commercialisation of premium oil palm planting materials and fertilisers that have become important revenue streams for the division.

Besides palm products, it is now intensifying research and development to build up the Plantation Business's Integrated Farming ventures. This includes optimising the capacity of clonal production of strategic crops such as pineapple MD2, banana and other cash crops planned by the Group.

In 2020, we established a MD2 pineapple seed garden in Johor that marks FGV's entry into commercial scale pineapple farming with sales to domestic and export markets. We are also conducting research and development on Cavendish bananas and other cash crops to affirm their viability as significant contributors to Group revenue. In addition, we are conducting research on biomass produced from pineapple and banana production, to assess their potential to be processed for animal feed products.

Our subsidiary FGV Agri Services Sdn. Bhd. (FGVAS) made inroads into the Indian oil palm seed market and plans to enter the African market as well. We have already exported premium planting materials and seeds to Thailand, Indonesia, Papua New Guinea and Philippines. During the year, the R&D Division's prime products, namely, Yangambi

ML161 seeds and seedlings, experienced declining sales of 16.76% to 15.00 million seeds and 31.92% to 2.63 million seedlings, respectively. In both instances, the decrease in sales volume was due to weak demand from nursery operators and the industry's replanting programmes' deferment due to the COVID-19 pandemic. The volume of Yangambi exports to India, Indonesia and Thailand were also affected by the lockdowns in these countries.

Sales volume for oil palm seedlings, on the other hand, rose 38.37% to 2.64 million MT because customers preferred seedlings to seeds to address labour shortages in nurseries during the COVID-19 pandemic.

There was a surge in the sale of ramet that is more than doubled by 57.20% to 0.350 million ramet, with 91% of sales being made to FGV Plantations Malaysia. Rat bait sales grew more modestly at 7.71%, on the back of tenders awarded by plantation companies such as Tradewinds, IOI and TH Plantations.

In the fertiliser segment, we registered fertiliser sales of 420,000 MT in 2020, which is lower than achievement of 610,000 MT in 2019. The decrease in fertiliser sales was due to COVID-19 pandemic situation and MCO imposed by the Government which has interrupted production and delivery of fertiliser to customers. The pandemic situation also causing planters to postpone their fertiliser application and reduced purchase of fertiliser.





In July 2020, we launched second compound fertiliser product in 1 kg bottle packaging - SF65 : Baja Subur, complimenting previous product; SB45: Baja Penggalak Bunga dan Buah, which shows increasing demand over the year and by taking opportunity on increasing trend of home gardening during MCO.

For year 2020, our fertiliser retail sales rose 30% from 24,000 MT to 34,000 MT, including 20,000 bottles of SB45 and SF65.

As at the end of 2020, we recorded fertiliser retail sales of 21,013.16 MT, which included 2,580 bottles of the newly launched Baja Subur. To cater to the growth of the fertiliser retail market, we appointed five (5) new dealers in 2020, bringing the total dealers in our network to 32.

FGVAS also introduced new fertilisers for home farming, named LiqGro63, MycoGrow500 and TopGro88. We are currently planning the commercialisation of FOF fertilisers, which is a fortified empty fruit bunches (EFB) compost based fertiliser for mature oil palm.

Moving forward, FGVAS is collaborating with AMCO Niaga Sdn. Bhd. to extend our rodenticides line of products for paddy farming. In another collaboration with PT Pandawa, FGVAS is establishing a supply and distribution network for a bio-based weeds solution for the domestic market.

We are also exploring the potential usage of microbial inoculum for Palm Oil Mill Effluent (POME) treatment and the introduction of bamboo as a new strategic crop in areas that are uneconomic for oil palm and rubber cultivation.

### Rubber Operations

The Plantation Business' market and product penetration strategies for the palm oil business are also applicable to FGV's rubber business. It fits into the Group's long-term plan to become one of the world's leading integrated and sustainable agribusinesses with various consumer products.

Our rubber business is currently diversifying into the production of green rubber products. Green rubber has the advantages of natural and synthetic rubber compound properties which can be utilised in the tyre industries. Green rubber latex can also be applied in glove making, which has higher profit margins than conventional natural rubber products. To boost this business, we are currently focusing on product quality improvements of raw materials imported for the business.

FGV is also studying the viability of venturing into downstream rubber products manufacturing such as glove making. Currently, we are a supplier to Malaysia's leading rubber glove makers.

### Renewable Energy

Renewable Energy and By-products Division comes under FGV Palm Industries Sdn. Bhd. (FGVPISB). It formed the main backbone of the Group's waste-to-wealth initiative, supplying and trading 14 type of biomass by-products such as Palm Kernel Shell, Sludge Palm Oil and Shredded Empty Bunch Fibre, contributing additional revenue to the Group. FGVPISB is also driving the Group's initiative in carbon emission reduction in operating 28 biogas plants, reducing up to 108,197 MT of carbon emission reduction in 2020, besides utilising biogas to power Feed-in-Tariff (FiT) and Rural Electrification Projects in eight (8) sites located in Peninsular Malaysia and Sabah.

In October 2020, the division successfully commercialised Triang Biogas power plant which is the largest within the FGV Group. This plant produces 2MW capacity generated from the biogas which is injected into TNB's electricity grid under the Sustainable Energy Development Authority (SEDA) FiT scheme. Biogas is derived from the POME which is 100% organic and rich with energy to produce electricity.

At national level, FGV's noble efforts had been recognised with three consecutive prestigious National Energy Awards from 2018 to 2020, and won runners-up awards at the 2019 ASEAN Energy Awards at international level, reflecting hard work, passion and relentless commitment to sustainable renewable energy initiatives since year 2000.

### OUTLOOK AND PROSPECTS

With FGV charting a new growth path as a world-class agribusiness with an end-to-end supply chain, the Plantation business upstream operations will continue to strive for higher productivity and lower costs. We have in place several key initiatives to achieve these goals. They are:

- To continue improving yields with quality planting materials
- To establish a high standard replanting model via the utilisation of Space Application for Environment (SAFE) technology for selected replanting areas
- To continue our Model Plantation Concept (MPC) at all model sites
- To continue replanting activities and mechanisation
- To grow higher value-added businesses to support the Group's new consumer products business
- To develop premium quality oils, specialty fats and specialty oleochemicals
- To develop biofertiliser products using microbial consortia
- To penetrate international markets by the R&D Division
- To commercialise 2MW biogas power plant in Keratong 9 Mill, Muadzam Shah, Pahang



## Group Business Review

### SUGAR BUSINESS



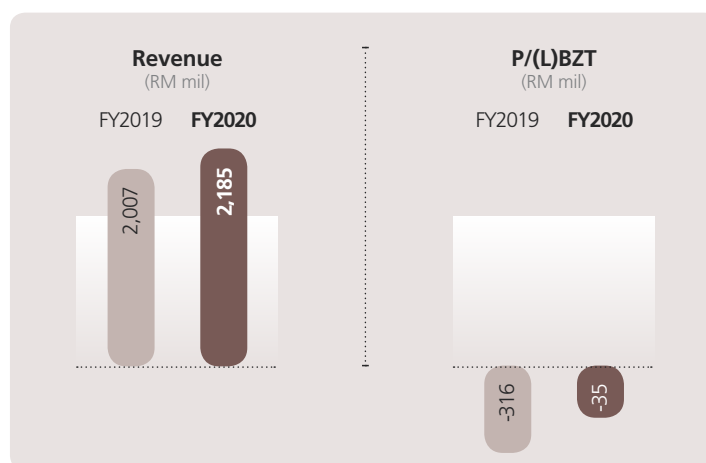
MSM Malaysia Holdings Berhad (MSM) is the world's eighth largest sugar refiner by capacity, and Malaysia's top sugar producer with about 60% share of the domestic market. Total production capacity for 2020 is 2.14 million MT. However, the current capacity has been further reduced to 2.05 million MT following cessation of operation in MSM Perlis Sdn. Bhd. on 30 June 2020.



In 2020, the MCO restrictions resulted in weaker demand, especially from the F&B, commercial and industrial businesses that were affected by the COVID-19 pandemic. This then caused our inventory levels to rise in the first half of 2020, and they stabilised during 2H2020 when the MCO was relaxed and the economy showed signs of recovery.

#### FINANCIAL PERFORMANCE

In 2020, the Sugar Business posted lower losses compared to 2019 due to better gross profit margin resulting from lower raw sugar and refining costs. Nevertheless, the full year results were affected by write-off and impairment of bearer plants amounting to RM63 million (2019: RM147 million).





## OPERATIONAL PERFORMANCE

In 2020, the Sugar Business saw an 8% increase in sales volume and a 0.5% growth in the average selling price. Production volume fell 6% year-on-year following the cessation of MSM Perlis in June, 2020. This reduction in capacity is to be filled by the new MSM Johor refinery. The business was also affected by a decrease in local demand due to the COVID-19 pandemic.

While the utilisation factor declined by 2%, there were improvements in 4Q FY2020 due to capacity consolidation that resulted in lower refining costs. In addition, operational improvements resulted in better yields from refined sugar processing and a reduction in sales and distribution costs.

	FY2019	FY2020	Variance (%)
Sales Volume (MT)	947,290	1,024,603	+8
Production Volume (tonnes)	1,073,888	1,010,215	-6
Utilisation Factor	48	47	-2

## OUTLOOK AND PROSPECTS

- Complete of expansion plans for the value-added facilities in MSM Johor.
- Improve MSM Johor's SKUs to meet domestic demand especially for Coarse Grain Sugar (CGS-P1).
- Improve MSM Johor's production capabilities and efficiency.
- Penetrate new markets via direct engagements with reputable players having regional distribution networks, towards increasing sales and utilisation factor of our refineries.
- Strategic capital management to improve liquidity.
- Continue to improve the overall yield in all our refineries.
- Streamline the logistics and supply chain operation for smooth delivery at lower cost.
- Further explore downstream into sugar related business unlocking value-added income stream.
- Monetise all the non-strategic and non-productive assets.

For more details on the Sugar Business, please refer to the MSM Annual Report 2020.





## Group Business Review

### LOGISTICS & OTHERS (LO)



The LO Business continues to play an integral role in supporting our core business by ensuring product distributions, supply chain capabilities and integrating technologies to boost group-wide effectiveness and efficiencies. Overall, LO has shown positive performances despite the adverse conditions brought by the COVID-19 pandemic and Movement Control Order (MCO).

Business prospects were dampened due to suspension of business operations, broad-based travel restrictions, and disruptions in global supply chains.

The affected businesses include:

#### Bulking:

- Decline in demand from our major export markets due to port closures at some of our destination markets
- Space constraints due to higher stock levels caused by delayed deliveries
- Reduction in biodiesel handlings due to low diesel price affecting biodiesel demand

#### Transport:

- Delayed in acquiring strategic projects including Oil and Gas segment
- Successful tenders were being cancelled, and some were delayed and postponed to 2021
- Limited movements in/out jetty due to COVID-19 pandemic restriction orders

#### Information & Communication Technology (ICT):

- Project deliverables and tenders were put on hold by the Government
- Existing projects that are affected by MCO need to have revision on the timelines and costs
- Winning new potential projects will be delayed due to postponement

#### Travel:

- Cancellation of Umrah & Hajj - Core revenue generator for Travel business
- Interstate travel restrictions affecting Hotel Seri Costa's business
- Travel ban imposed by the Government affecting ticketing business

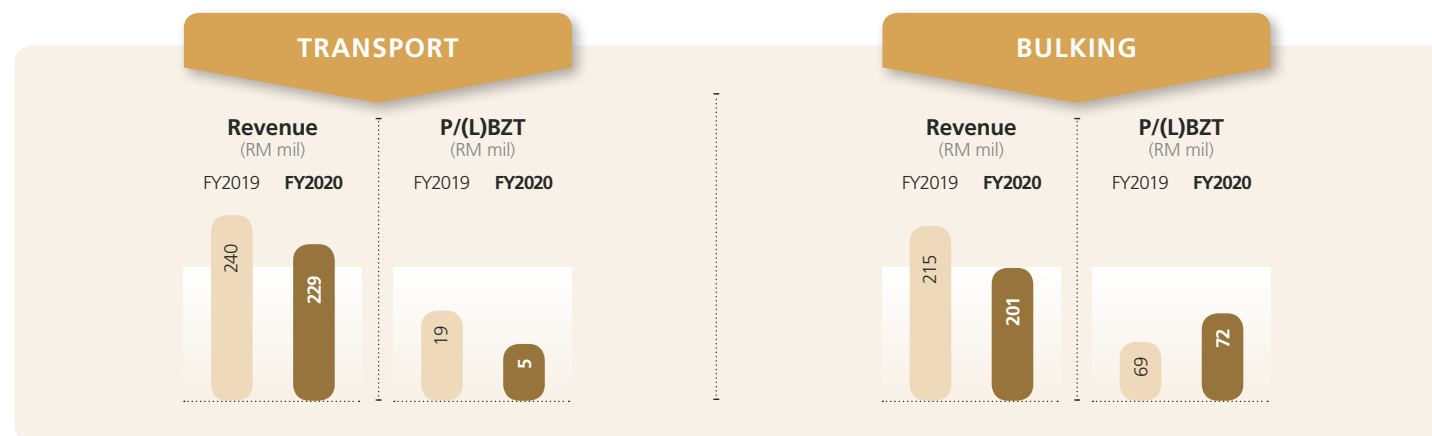
To navigate through this crisis, our logistics arm remained resilient in enhancing our capabilities and capacities by expanding tanks storage and warehouses, adding various types of new fleets, obtaining Halal Logistics certification, securing mega Government ICT projects, forming strategic partnerships and venturing into e-Commerce businesses

### FINANCIAL PERFORMANCE

For the year ending 31 December 2020, the LO recorded a 14% decrease in revenue to RM303 million compared to RM354 million in 2019. Profit for the year increased by 67% to RM50 million, compared to RM30 million in 2019.

With our transport operations, revenue also declined 5% to RM229 million. PBZT declined 74% to RM5 million due to a 5% decline in transport volume and 7% decline in transportation rate.

With our bulking services, revenue declined 7% to RM201 million but PBZT grew by 6% to RM72 million. This was due to lower operating costs that were offset by a 5% reduction in the handling rate and 2% reduction in throughput volume.





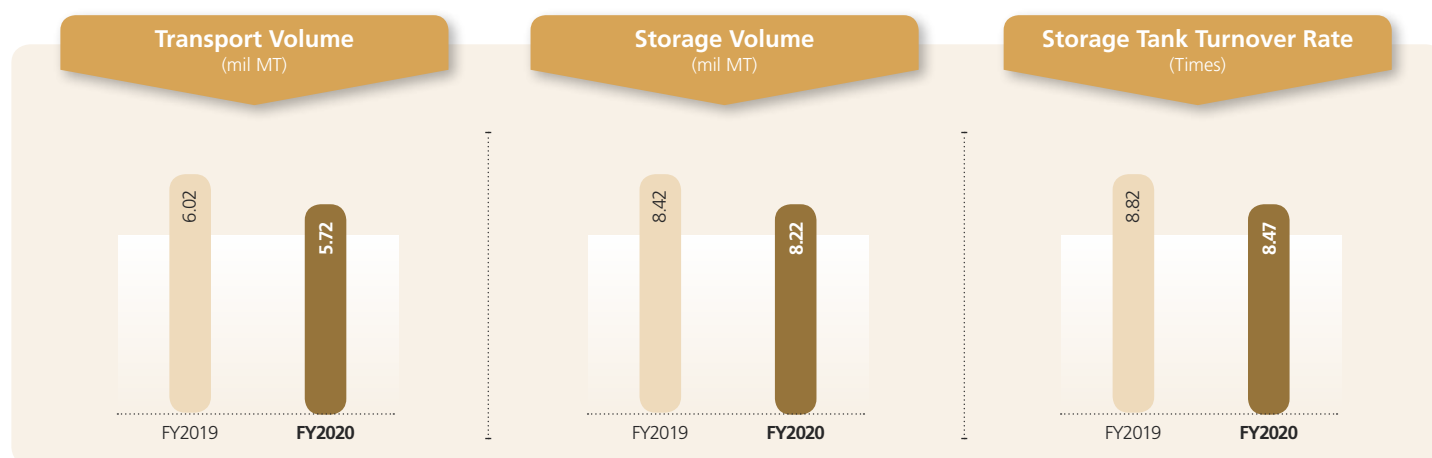
## OPERATIONAL PERFORMANCE

There was a 5% decrease in total transport volume that was recorded at 5.72 million MT in 2020 (2019: 6.02 million MT). The decrease was due to lower transport volume carried for CPO, Palm Kernel, PKE, EFB and FFB.

The decrease in total storage volume recorded in 2020 was due to the 11% decline in storage volume handled in Q1 2020 due to the

COVID-19 outbreak that caused port closures in major importing countries. Storage volume declined accordingly by 2% to 8.22 million MT (2019: 8.42 million MT).

The lower storage tank turnover rate was due to lower storage volume handled in 2020 compared to 2019.



## NEW GROWTH AREAS

In line with our strategic roadmap, the LO Business has made inroads with third-party logistics (3PL) services by leveraging on our new curtain sidars and in-house developed Warehouse Management System (WMS).

LO is building up a mixed-portfolio of customers from various industries such as Oil & Gas, Ports, Telecommunications, Energy, Defence, Automotive and Fast Moving Consumer Product (FMCG) to strengthen our business position.

The surge in digital economy during COVID-19 has accelerated our focus on e-Commerce businesses namely in Kedai FGV, Felda Travel Store and FGV Transport last-mile delivery.

## OUTLOOK AND PROSPECTS

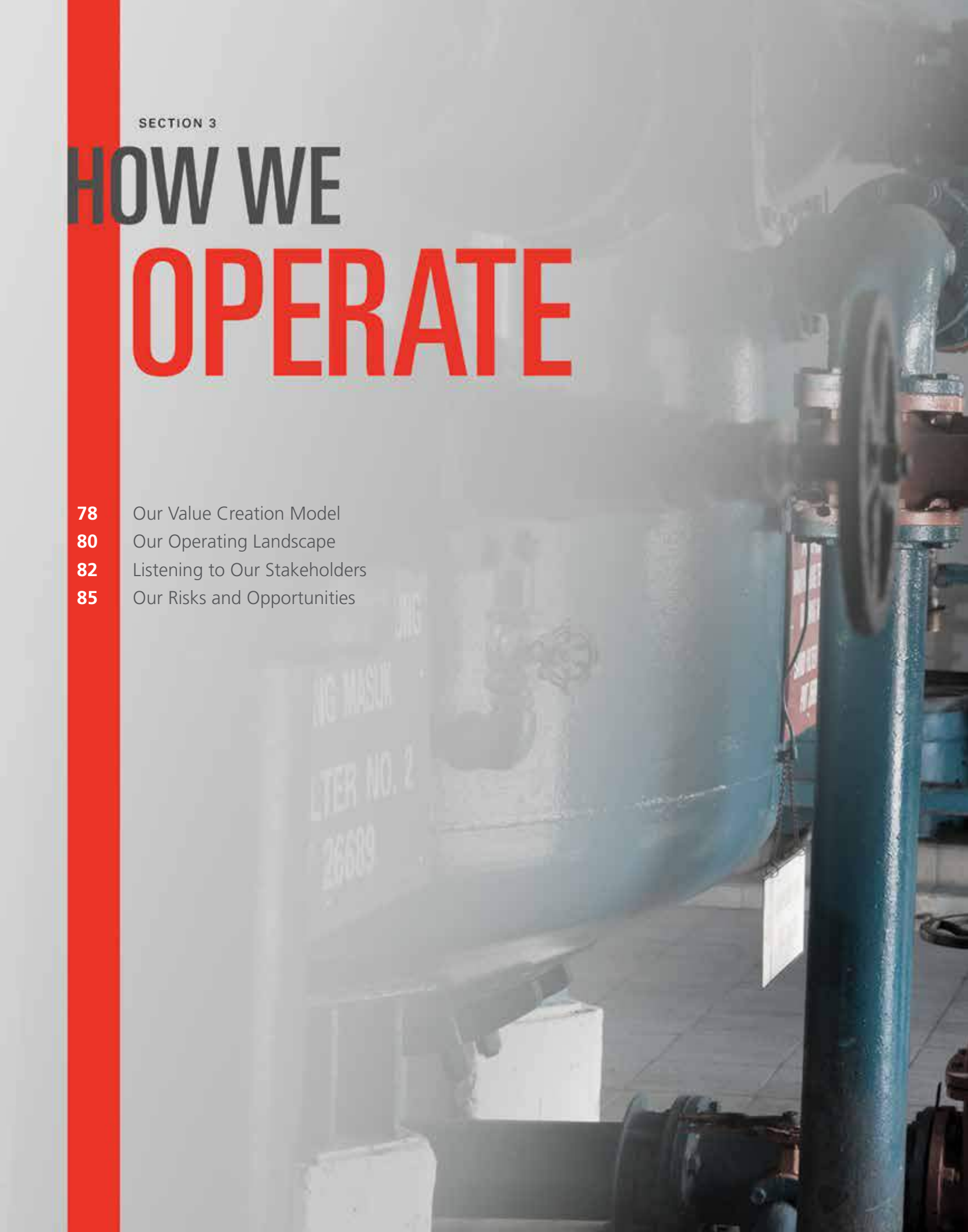
- Enhance strategic partnership and potential M&A in transportation and bulking businesses
- Expand third-party logistics (3PL) to external customers
- Establish a cold chain logistics division
- Enhance in-house Warehouse Management System (WMS)
- Maximise liquid bulk and cargo trucks utilisation by securing more external businesses
- Further expand edible/non-edible oil storage capacity in Tanjung Langsat Port, Johor
- Diversify products and service offerings for all businesses within LO



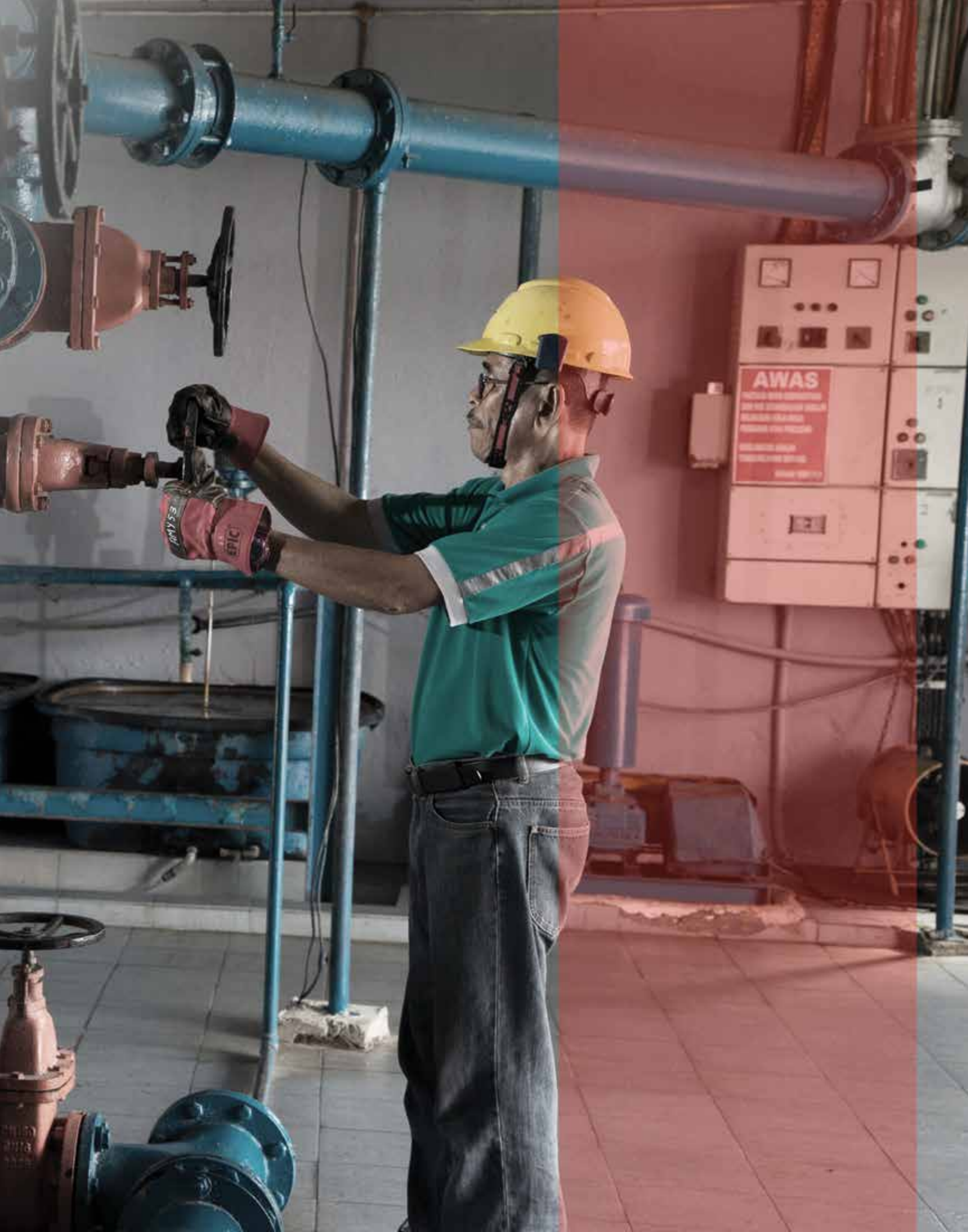
SECTION 3

# HOW WE OPERATE

- 78 Our Value Creation Model
- 80 Our Operating Landscape
- 82 Listening to Our Stakeholders
- 85 Our Risks and Opportunities









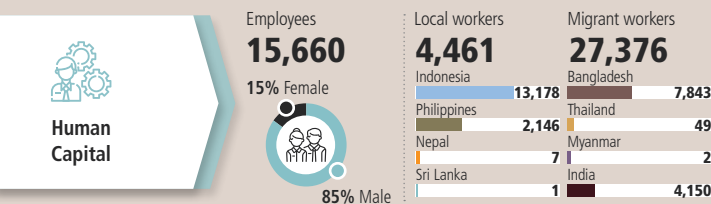
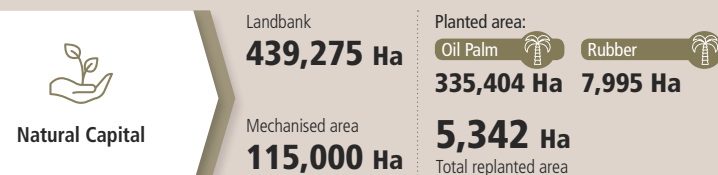
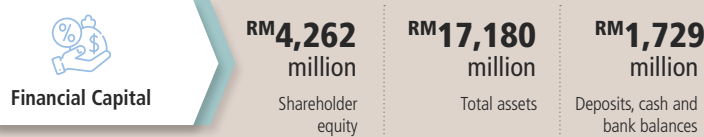
# Our Value Creation Model

FGV's Value Creation Model is a reflection of our vision to be among the world's leading integrated and sustainable businesses. At FGV, we always appreciate our six capitals that give a variety of benefits to our diverse stakeholders.

## Our Strategic Value Propositions

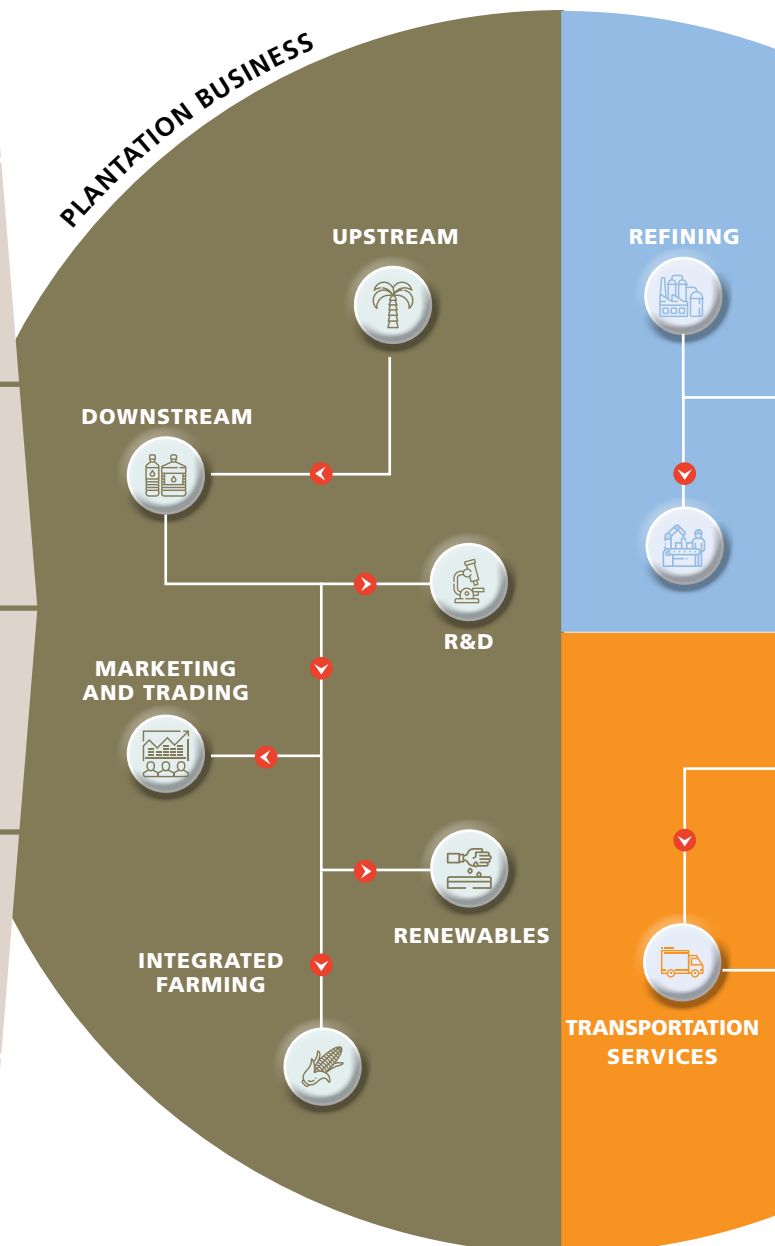
Operational Improvement

### KEY CAPITALS



- Social & Relationship Capital**
- Partnering and supporting **112,638** FELDA settlers
  - Commitment to completing RSPO certification and related initiatives
  - Upholding sound corporate governance practices
  - Driving sustainability and conservation efforts
  - Enhancing labour practices

### OUR BUSINESSES





## Product &amp; Market Penetration

## New Growth Area

## Financial &amp; Capability Building



## KEY OUTPUTS



## OUTCOMES



## TRADE-OFFS

## SUGAR BUSINESS

DEVELOPMENT OF  
PREMIUM SUGAR  
PRODUCTSSALES AND  
DISTRIBUTIONLIQUID AND DRY  
STORAGE'SINFORMATION  
COMMUNICATION  
TECHNOLOGY

## LOGISTICS &amp; OTHERS BUSINESS

## Revenue

**RM14,076**  
million
Dividend from joint ventures (JVs)  
and associates
**RM19.84**  
million

## FFB production

**4.29** million MT

## FFB yield

**16.96** MT/Ha

## Oil palm trees' average age

**14.8** years

- Rescued a total of 78 sun bears with 52 being successfully released to several locations including the National Park in Pahang and Terengganu

- CPO production **2.87** million MT
- Oil Extraction Rate (OER) **20.32%**
- FFB processed **14.13** million MT
- Oil & Fats sales volume **353,625** MT
- Palm Methyl Ester (PME) sales volume **59,083** MT
- Refined Sugar production **1.01** million MT
- Bulking volume **8.22** million MT

- Developed seven (7) new products for downstream commercialisation
- High-value multi crop cloning for integrated farming
- New pesticide
- New strategic crop
- New products for specialty fats

- 6,786** training man-days
- Continued manpower and cost optimisation
- Completed **387 blocks of housing** for workers throughout Malaysia

- 33** RSPO-certified complexes
- 68** MSPO-certified complexes  
(we are fully MSPO-certified as at February 2020)
- Now **100%** traceable to our mills
- Adopted the guidelines and procedures for responsible recruitment of foreign workers

Better financial results and dividend from JVs and associates which benefits our shareholders.

Through operational excellence and sustainability efforts within the operations could benefit FELDA settlers and other stakeholders.

Diversify CPO productions into various products that will benefit intellectual capital and financial capital.

Ongoing transformational efforts to establish a sustainable innovative ecosystem which improves productivity, optimises efficiency of processes, and enhances quality of products and services.

Cultivate a skilled and healthy workforce and develop an innovative work culture.

Committed in ensuring socio-economic developments which includes FELDA settlers and other stakeholders.

Financial Capital is the key to sustain the growth of our business as investments of this Capital are needed to ensure all other Capitals are used effectively for the smooth running and growth of our business activities.

The Group's business relies heavily on Natural Capital and the Group invests its Financial Capital to ensure the long-term sustainability of the palm oil business through the normalisation of our oil palm trees' age distribution and responsible use of our land.

The Group invests in Manufactured Capital to improve the performance of our mills and refineries, while investing in the development of new products and new business lines. This trade-off with our Intellectual Capital and Financial Capital to ensure the Group will be able to offset the cyclical nature of the business.

The Group invests significantly in improving the value of our Intellectual Capital. The investment is important for innovations in our Natural Capital and Manufactured Capital to improve our operational efficiency. This trade-off is necessary to maintain our competitive edge and deliver long-term sustainable value.

The Group continues to optimise its Human Capital and associated costs to add value to our Financial Capital. While this move may not benefit the Group's short-term reputation, it is a necessary trade-off to secure the long-term future of the business.

The Group's relationship with stakeholders is important for our business. We invest in building relationships with stakeholders through engagement with our workers, vendors, trainers, business partners and regulatory bodies. By engaging with stakeholders, we create sustainable relationships that will support our Financial Capital and Human Capital.



# Our Operating Landscape

## OPERATING ENVIRONMENT

- Higher demand due to concern on Global Food Security
- Volatility of CPO Price
- Shortage of migrant workers

## STRATEGIC IMPLICATIONS

- This trend is an important consideration for FGV, which has share of the domestic food market, to increase its market share by producing market-driven food products.
- In 2020, Malaysia's Ministry of Finance proposed counter measures that included:
  - a) Biodiesel programmes to increase the utilisation of CPO
  - b) High impact downstream projects to develop oleochemicals and biochemical industries
  - c) Awareness campaigns to promote the socio-economic benefits of palm oil
  - d) Diversifying into new markets to promote the long-term adoption of palm oil

## ACTION PLAN

- The Group is being restructured, with Consumer Food Products as a strategic revenue stream.
- With this new direction, we also envisage playing our part to reduce Malaysia's hefty food import bill.
- Establishment and maintenance of good relationships with local and foreign authorities.

- RSPO certification
- Human Rights

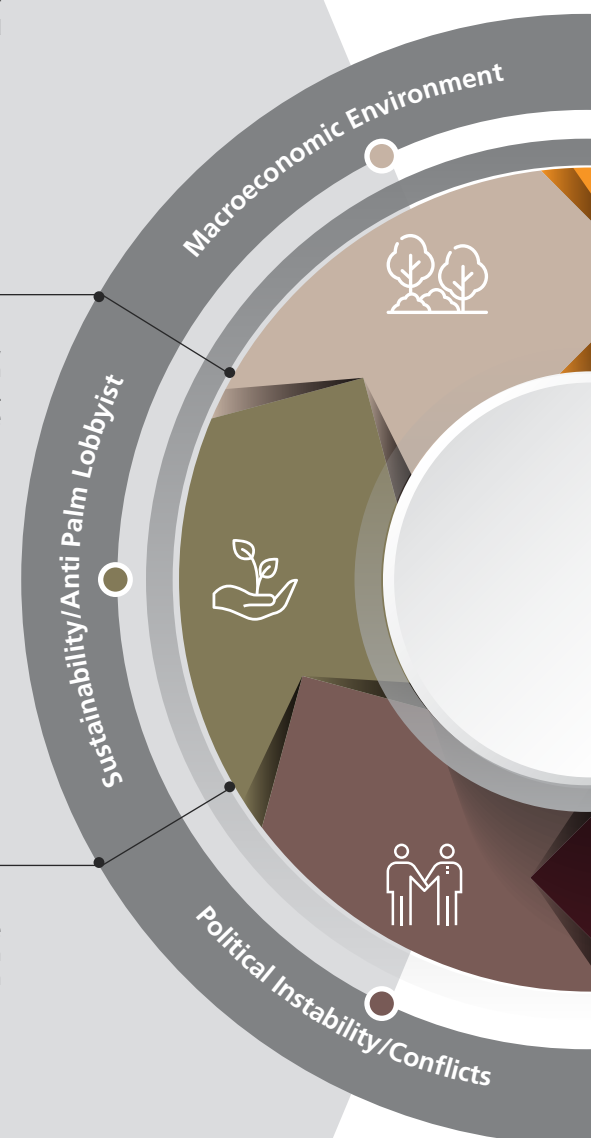
- Suspension of RSPO certification.
- Non-compliance of regulations and policies resulting in the inability to sell certified products to existing/potential buyers.

- RSPO action plan to be developed, implemented and monitored in line with standard requirements. Details of actions taken can be found in Section 4 of this report.

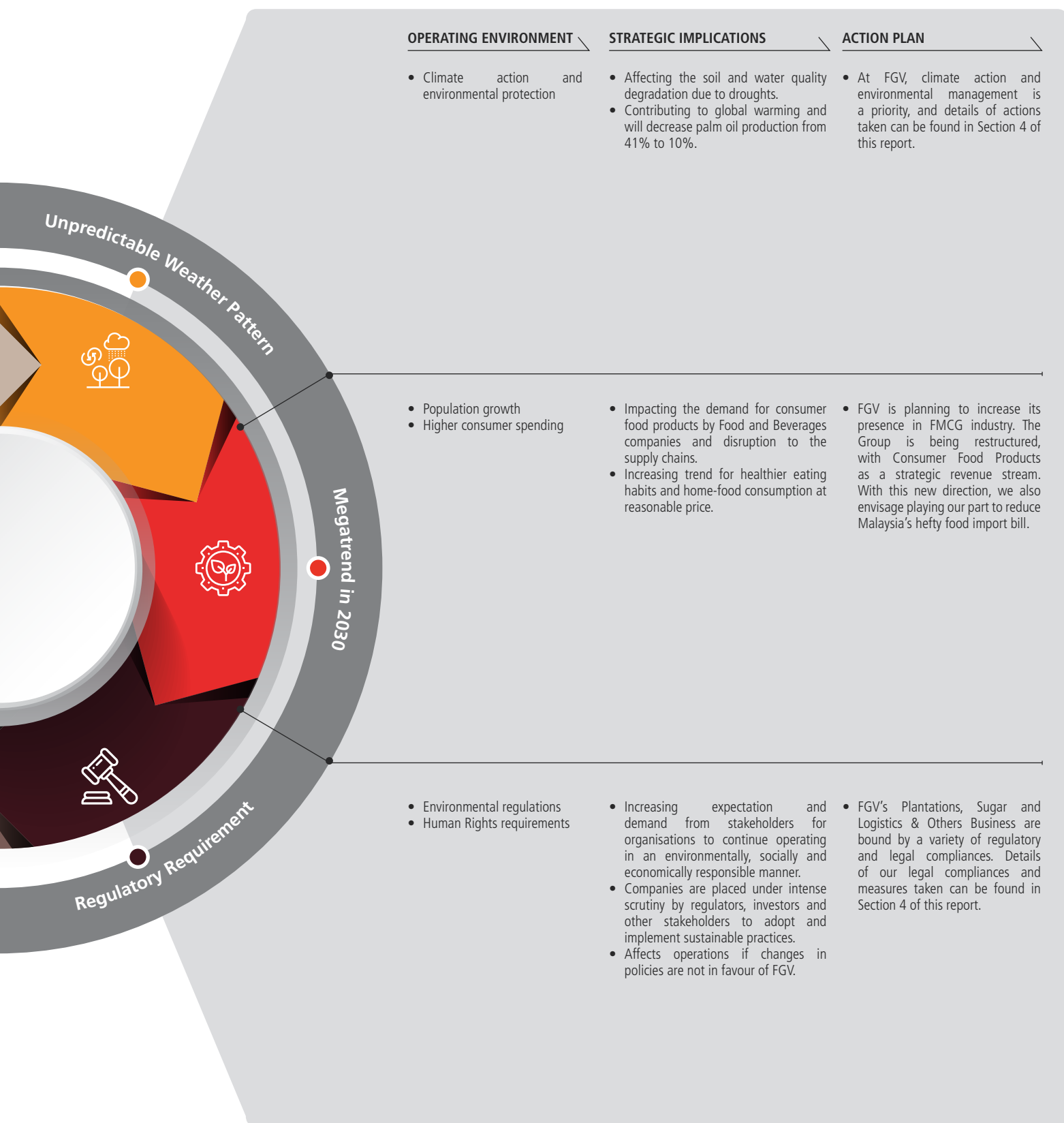
- USA - China trade tension
- EU trade restrictions and Malaysian measures
- Malaysia – USA trade

- The weakening of the US dollar will make Malaysian exports more costly.
- Affecting the company's supply chain and product sales, and have repercussions on other trading partners such as Japan, South Korea, Taiwan and Singapore.

- FGV remains alert to these developments and the impact on trade, technology and supply chain restrictions.









# Listening to Our Stakeholders

## INTRODUCTION

FGV is committed to maintaining good relationships and rapport with all stakeholder groups. We believe that our stakeholders are critical for business success, and continuously engage with them to gather feedback on their expectations and perceptions. By listening to what they have to say, we are able to gather invaluable inputs to shape our risk management and decision-making processes for business operations.

In 2020, FGV have performed extensive stakeholder engagements exercise to gauge our stakeholders' views on the importance of our sustainability matters. Guided by an external sustainability consultant, we performed a group-wide stakeholder privatisation exercise and stakeholder engagement exercise with both internal and external stakeholders.

## STAKEHOLDER PRIORITISATION PROCESS

During our stakeholder prioritisation exercise, we conducted a workshop attended by selected representatives from various business functions in FGV. During the workshop, the influence and dependence of each stakeholder group were deliberated. In addition, our stakeholder prioritisation approach is guided by Bursa Malaysia's Sustainability Reporting Guide (2<sup>nd</sup> Edition) and Bursa Malaysia's Toolkit, including the Toolkit on Stakeholder Engagement and Toolkit on Materiality Assessment.

The outcome of the deliberation allows FGV to determine its key stakeholders.

## SUSTAINABILITY STAKEHOLDER ENGAGEMENT

During the reporting year, we have engaged with over 220 representatives from a total of 11 stakeholder groups, namely Board of Directors, employees, field workers, FELDA, shareholders/investors, customers, suppliers, NGOs, JVs/business partners, regulators and media.






As guided by an external sustainability consultant, we leveraged various engagement methods such as site visit, online survey, teleconferencing, and video conferencing to engage with our stakeholders. During these engagements, stakeholders were required to determine the importance of each sustainability matter and stakeholders were asked to provide thoughts and improvement opportunities for FGV to consider.

Based on the feedback, key issues raised are related to human rights, employee welfare as well as environmental and resource management. Our stakeholders also raised concerns on issues related to research & development and FGV's product quality. The key areas for improvement by stakeholders include employee/worker welfare by reviewing the remuneration and benefits provided and enhancing the housing and facilities of plantation workers. We also received suggestion to collaborate with NGOs/ government agencies to improve the status of our RSPO certification. Our stakeholders also suggested FGV to invest in new technologies for business operation to improve productivity.

The following table is a the summary of our stakeholder engagements by category, methods of engagement, key topics and concerns raised and FGV responses.











Key Stakeholders	Why are they important	Frequency & Method of Engagement	Key Topics & Concerns Raised	Our Response
<b>Board of Directors</b> 	<ul style="list-style-type: none"> <li>Oversee FGV at strategic level</li> <li>Responsible for decision making in the organisation for financial control and business direction</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly internal/external meetings</li> <li>On-going Company events/activities</li> <li>Annual General Meeting (AGM) / Extraordinary General Meeting (EGM)</li> <li>Annual Analyst Briefings</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance and planning</li> <li>Operational excellence and technological improvement</li> <li>Legal compliances, governance and ethics</li> <li>Upholding human rights and labour standards</li> <li>Data security and protection</li> <li>Environmental and resource management</li> </ul>	Kindly refer to Section 4 of this report.
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Receive/buy our products and services</li> <li>Drive revenue for FGV</li> </ul>	<ul style="list-style-type: none"> <li>On-going internal/external meetings</li> <li>Conferences/forums/seminars</li> <li>AGM</li> <li>Annual surveys</li> </ul>	<ul style="list-style-type: none"> <li>Operational excellence and product development</li> <li>Legal compliances, governance and ethics</li> <li>Upholding human rights and labour standards</li> <li>Data security and protection</li> <li>Occupational health and safety</li> </ul>	Kindly refer to Section 4 of this report.
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Handle and manage daily operations of the organisation</li> <li>Represent organisation to communicate with customers and suppliers</li> <li>Possess knowledge and insight of business operations</li> </ul>	<ul style="list-style-type: none"> <li>Internal/external meetings</li> <li>On-going company events/activities, such as town halls, mentoring, roundtable meetings, social gatherings</li> <li>Company intranet/newsletter</li> <li>Internal/external surveys</li> </ul>	<ul style="list-style-type: none"> <li>Business continuity and financial performance &amp; planning</li> <li>Operational excellence and technological improvement</li> <li>Legal compliances, governance and ethics</li> <li>Upholding human rights and labour standards</li> <li>Data security and protection</li> <li>Environmental and resource management</li> <li>Occupational health and safety management</li> <li>Employee engagement and remuneration</li> </ul>	Kindly refer to Section 4 of this report.
<b>FELDA</b> 	<ul style="list-style-type: none"> <li>Key stakeholder of the Company</li> </ul>	<ul style="list-style-type: none"> <li>On-going conferences/forums/seminars</li> <li>Annual Analyst Briefings</li> </ul>	<ul style="list-style-type: none"> <li>Operational excellence</li> <li>Legal compliances</li> <li>Upholding human rights and labour standards</li> <li>Environmental and resource management</li> </ul>	Kindly refer to Section 4 of this report.
<b>Field Workers</b> 	<ul style="list-style-type: none"> <li>Perform field work and harvesting of crops</li> <li>Able to influence the production of yield in FGV plantations</li> </ul>	<ul style="list-style-type: none"> <li>Company website</li> <li>On-going internal/external meetings</li> <li>On-going conferences/forums/seminars</li> <li>Company events/activities</li> <li>Company intranet/newsletter</li> <li>Site visits/audits</li> </ul>	<ul style="list-style-type: none"> <li>Operational excellence</li> <li>Governance, ethics and integrity</li> <li>Water management</li> <li>Remuneration and benefits packages</li> <li>Employee welfare and engagement</li> <li>Communication with management and leadership management</li> </ul>	Kindly refer to Section 4 of this report.



## Listening to our Stakeholders

Key Stakeholders	Why are they important	Frequency & Method of Engagement	Key Topics & Concerns Raised	Our Response
<b>Investors</b> 	<ul style="list-style-type: none"> <li>• Source of capital through investments</li> <li>• Able to analyse opportunities from different angles, and generally prefer to minimise risk while maximising returns</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic external meetings</li> <li>• AGM/EGM</li> <li>• Analyst briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Operational excellence</li> <li>• Legal compliances, corporate governance and ethics</li> <li>• Upholding human rights and labour standards (worker welfare)</li> <li>• Environmental and resource management</li> <li>• Occupational health and safety</li> </ul>	Kindly refer to Section 4 of this report.
<b>JV/ Business Partners</b> 	<ul style="list-style-type: none"> <li>• Collaborative partners with the industry experts</li> </ul>	<ul style="list-style-type: none"> <li>• On-going external meetings</li> <li>• Periodic site visits/audits</li> </ul>	<ul style="list-style-type: none"> <li>• Legal compliances</li> <li>• Upholding human rights and labour standards</li> <li>• Governance, ethics and integrity</li> <li>• RSPO certification</li> </ul>	Kindly refer to Section 4 of this report.
<b>Media</b> 	<ul style="list-style-type: none"> <li>• Able to provide insights from the public</li> <li>• Responsible for reporting news and updates within the business industry</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Company events/activities</li> </ul>	<ul style="list-style-type: none"> <li>• Community engagement</li> <li>• Upholding human rights and labour standards</li> <li>• Occupational health and safety</li> <li>• Environmental and resource management</li> </ul>	Kindly refer to Section 4 of this report.
<b>NGOs</b> 	<ul style="list-style-type: none"> <li>• Promote social values, civic culture and initiatives</li> <li>• Maintain the Group's social licence to operate</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing external meetings</li> <li>• Conferences/forums/seminars</li> <li>• Site visits/audits</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement and good working environment</li> <li>• Legal compliances</li> <li>• Operational excellence</li> <li>• Upholding human rights and labour standards</li> <li>• Governance, ethics and integrity</li> <li>• Occupational health and safety</li> <li>• Renewable energy and energy management</li> <li>• RSPO certification</li> </ul>	Kindly refer to Section 4 of this report.
<b>Regulators</b> 	<ul style="list-style-type: none"> <li>• Enforce industry rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• On-going meetings</li> <li>• Site visits/audits</li> </ul>	<ul style="list-style-type: none"> <li>• Legal compliances</li> <li>• Operational excellence</li> <li>• Upholding human rights and labour standards</li> <li>• Governance, ethics and integrity</li> <li>• Occupational health and safety</li> <li>• Data security and protection</li> <li>• Water management</li> </ul>	Kindly refer to Section 4 of this report.
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Source of feedstock</li> <li>• Play an important role in the value chain of the business</li> </ul>	<ul style="list-style-type: none"> <li>• On-going external meetings</li> <li>• Site visits/audits</li> </ul>	<ul style="list-style-type: none"> <li>• Project management and planning</li> <li>• Legal compliances</li> <li>• Governance, ethics and integrity</li> <li>• Occupational health and safety</li> <li>• Renewable energy and energy management</li> <li>• Water management</li> </ul>	Kindly refer to Section 4 of this report.



# Our Risks and Opportunities

## INTRODUCTION

With increasing competition and changes in the business dynamics, FGV conducts studies on the risks and opportunities in the operating landscape and marketplace to achieve our business strategies. Every year, we undertake a risk and materiality assessment to determine the scale of their impact on our multiple businesses. Stakeholder feedback is an important consideration and leveraged within this process to obtain a more realistic and holistic perspective of the prevailing operating landscape and challenges.

## OUR APPROACH AND PROCESSES

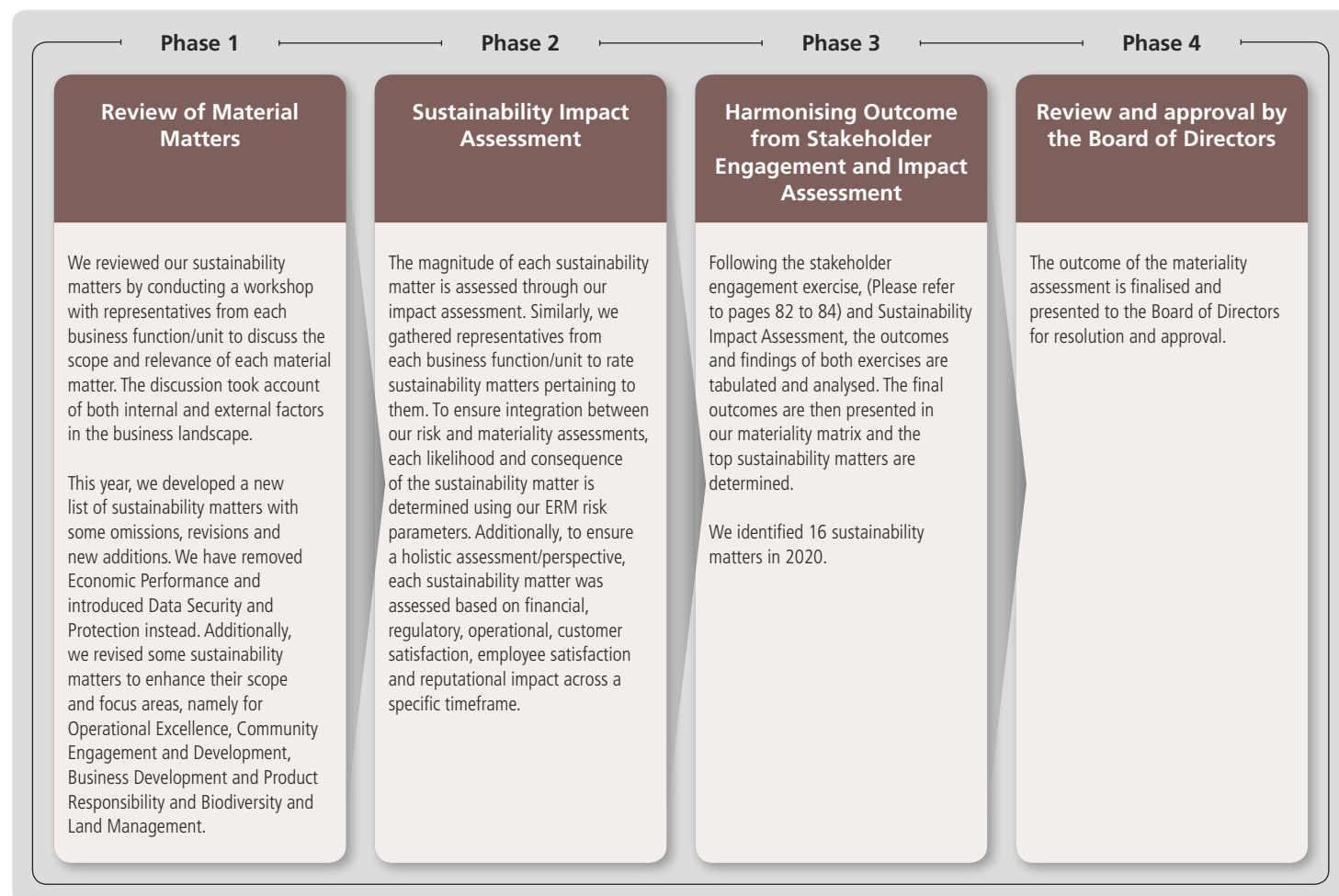
### RISK ASSESSMENT

FGV carries out quarterly Group wide risk assessments to identify its key business risks. Our approach, framework and further details on our risk management processes are disclosed in the Statement on Risk Management and Internal Control on pages 231 to 239.

### MATERIALITY ASSESSMENT

We also conduct an annual materiality assessment to determine the materiality of economic, environmental, social and governance risks (known as sustainability matters) that are relevant to our business. Our materiality assessment is guided by our Enterprise Risk Management (ERM) Framework as well as Bursa Malaysia's Sustainability Reporting Guide (2<sup>nd</sup> Edition) and Bursa Malaysia's Toolkit, including Toolkit on Stakeholder Engagement and Toolkit on Materiality Assessment.

In 2020, the assessment covered four (4) phases.





## Our Risks and Opportunities

### MATERIALITY MATRIX

Further to the conduct of materiality our assessment, we have developed our materiality matrix and identified our top material sustainability matters for FY2020 namely Operational Excellence and Upholding Human Rights & Labour Standards.



**Very High Importance**

- OP Operational Excellence
- HR Upholding Labour Standards

**High Importance**

- OS Occupational Health and Safety
- SC Sustainability Certifications
- GI Governance, Ethics and Integrity
- TS Traceability, Responsible Sourcing and Supply Chain Management

**Medium-High Importance**

- DP Data Security & Protection
- WS Waste Management
- EE Employee Engagement
- TM Talent Management
- WT Water Management
- CA Climate Action
- RE Renewable Energy and Energy Management

**Medium-Low Importance**

- BP Business Development and Product Quality
- BL Biodiversity and Land Management
- CD Community Engagement and Development

### OUR MATERIALITY MATRIX 2020

- Operational Excellence and Human Rights & Labour Standards remain as top material matters for FGV Group. This is in line with FGV's ongoing efforts to ensure business sustainability and addressing human rights issues.
- Occupational Health & Safety also appear as high materiality matters for FGV Group. This can be mainly attributed to the impact of the COVID-19 pandemic.
- Environmental-related sustainability matters (including water management, waste management, climate action and renewable energy and energy management) have increased in materiality. They moved up from the lower quadrant to medium quadrant. This movement in materiality is aligned to the current business operating landscape with the increased significance of climate change and environment-related risks.
- Traceability, responsible sourcing and supply chain management have shown improvement in terms of materiality. The changes have led the movement from medium quadrant to high quadrant. This is reflective of stakeholders' expectations and FGV's ongoing efforts in conducting various initiatives to improve the traceability and sourcing across the Group.



## ASSESSING SUSTAINABILITY MATTERS

Sustainability Matters	What it Means to FGV	Link to Our Key Risks	Mitigation Actions
<b>Operational Excellence</b> 	Improvement of production yield and enhancement of operational leveraging on innovation, research & development as well as the sustainable environmental and climate conscious policies and practices.	<ul style="list-style-type: none"> <li>• High percentage of old palm trees (age profile).</li> <li>• Low mill throughput.</li> <li>• Pandemic and restrictive orders/policies by the Government.</li> <li>• Production not meeting Test After Completion.</li> <li>• Increased risk in CPO trading activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the usage of PalmPro for tall palm area.</li> <li>• Daily monitoring on yield achievement among the internal stakeholders.</li> <li>• Strengthen implementation of Good Agriculture Practice during replanting activities.</li> <li>• Improve maintenance standard in mills and adopting new technology to solve bottleneck in processing line.</li> <li>• Setting up of COVID-19 Management Task Force.</li> <li>• Continuous assessment of Group's financial position and resources.</li> <li>• Active engagements with business partners, regulators and any other relevant third parties.</li> <li>• Addition/replacement of current equipment for capacity/reliability improvements.</li> <li>• Installation of low steam turbine exhaust pressure and transformer output pressure.</li> </ul>
<b>Sustainability Certifications</b> 	Compliance with the RSPO Principles and Criteria for purposes of certification and alignment of practices with the most widely accepted sustainability standards for the palm oil industry.	<ul style="list-style-type: none"> <li>• Compliance with sustainability (ISCC, MSPO, COSS) certifications.</li> <li>• Delay on the regularisation of workers.</li> <li>• Negative perception on lack of actions taken by FGV in addressing sustainability.</li> <li>• Suspension of FGV's RSPO Certification.</li> </ul>	<ul style="list-style-type: none"> <li>• New agreements for all external FFB suppliers, which include requirements to comply with FGV's policies and procedures.</li> <li>• Strengthen traceability information.</li> <li>• Adopt responsible recruitment policy and process to ensure all parties involved in the process, in particular the recruitment agencies, are in compliance with the policy/process.</li> <li>• Engage with Sustainability team to understand all commitments made by the company, grey areas and KPIs.</li> <li>• Continuous engagements with NGOs, media, and relevant stakeholders to clarify raised issues.</li> <li>• Develop and monitor RSPO action plan to be in line with standard requirements.</li> <li>• Collaborate with Suhakam to conduct assessment of living and working conditions at FGV's plantations and mills.</li> <li>• Managing and enforcing contractors/vendors to comply with national laws and regulations, company policies and SOPs.</li> </ul>
<b>Business Development &amp; Product Quality</b> 	Venture into new markets/new businesses and efforts to develop products that meet customers'/consumers' needs.	<ul style="list-style-type: none"> <li>• Impact of Approval Permits and Market Liberalisation.</li> <li>• Lower returns on new investment/project.</li> <li>• Production not meeting Test After Completion.</li> <li>• Rapid speed of disruption with innovations from competitors.</li> <li>• Trade barriers in destination markets.</li> </ul>	<ul style="list-style-type: none"> <li>• Engage with relevant government agencies/ministries.</li> <li>• Conduct proper feasibility study/market analysis on proposed investments.</li> <li>• Improve equipment reliability through modifications or replacements.</li> <li>• Develop new healthy variant/value added product segments for sugar business.</li> <li>• Maximise opportunities in existing high demand markets.</li> <li>• Ensure there are no washout contracts for delivery.</li> </ul>



## Our Risks and Opportunities




Sustainability Matters	What it Means to FGV	Link to Our Key Risks	Mitigation Actions
<b>Governance, Ethics and Integrity</b> 	<p>Compliance with regulatory requirements and good corporate governance principles (e.g. anti-corruption, sanctions compliance, or tax policy).</p>	<ul style="list-style-type: none"> <li>• Business processes with exposure to corruption, not comprehensively identified.</li> <li>• Inability to provide sound governance advice to the Board.</li> <li>• Non-compliance of company's policies and procedures/fraud risk.</li> <li>• Exposure to lawsuit if disputes arise.</li> <li>• Non-compliance of requirements set by local authorities &amp; standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Appointment of new/replacement governance champion.</li> <li>• Heads of Department/CEO identify business process owners for CRM workshop participation.</li> <li>• Setup CRM risk register through training.</li> <li>• Appoint external Company Secretary from consulting firms as temporary Company Secretary.</li> <li>• Seek advice from legal firm as and when necessary.</li> <li>• Ensure no tolerance for unauthorised transactions.</li> <li>• Regular monitoring of facilities operations.</li> <li>• Ensure all required policies and SOPs are put in place.</li> <li>• Maintain certification with EMS 14001/ISO 45001.</li> </ul>
<b>Traceability, Responsible Sourcing &amp; Supply Chain Management</b> 	<p>Establishment of traceability system and procurement process to ensure responsible/sustainable practices in palm oil value chain.</p>	<ul style="list-style-type: none"> <li>• Pandemic and restrictive orders/policies by the Government.</li> <li>• EU palm oil ban.</li> <li>• Lack of full traceability of FFB and kernel supply.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up of COVID-19 Management Task Force to ensure the Group's policies and SOPs are aligned to Government's directives.</li> <li>• Actively engage with relevant external parties.</li> <li>• New agreements for all external FFB suppliers, which include requirements to comply with FGV's policies and produces.</li> <li>• Strengthen traceability information.</li> <li>• Identify FFB risk elements by doing mapping with the suppliers.</li> <li>• Identify high risk mills by mapping with suppliers.</li> <li>• Establish Traceability and Validation Task Force (TVTF).</li> </ul>
<b>Data Security &amp; Protection</b> 	<p>Protection of data/information/intellectual property belonging to internal and external stakeholders (e.g. customers, suppliers, business partners, etc.) against cyber security breaches.</p>	<ul style="list-style-type: none"> <li>• Cyber threats</li> <li>• Failure to control physical access to data centres/facilities and areas housing critical IT resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure channel encryption for web services, server hardening and encryption.</li> <li>• Conduct security penetration test for IT Infrastructure and application.</li> <li>• Educate users with the series of educational email blast to create awareness.</li> <li>• Implement Access Control via appropriate tools such as Access Matrix with full matrix.</li> <li>• Review existing SOP and matrix in Data Center and Data Recovery Center.</li> </ul>



Sustainability Matters	What it Means to FGV	Link to Our Key Risks	Mitigation Actions
<b>Upholding Human Rights &amp; Labour Standards</b> 	Respecting and protecting human rights of employees and migrant workers by upholding international labour standards.	<ul style="list-style-type: none"> <li>• Dependence on migrant workers, especially from Indonesia and India.</li> <li>• High worker abscondment rate leads to shortage of labour.</li> <li>• Pandemic and restrictive orders/policies by the Government.</li> <li>• Suspension of FGV's RSPO Certification.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish and maintain good relationships with local and foreign authorities.</li> <li>• Mechanise field work such as infield collection.</li> <li>• Provide conducive living environment for estate workers including providing social activities.</li> <li>• Upgrade workers housing facilities and keep all these facilities in good conditions.</li> <li>• Setup migrant worker initiation center which provides onboarding and training.</li> <li>• Adhere to all Group Human Resource policies relating to the pandemic.</li> <li>• Develop recruitment action plan, implemented and monitored in line with standard requirements.</li> <li>• Develop Human Rights module and Training with TenagaNita.</li> <li>• Examine recruitment process of foreign workers.</li> </ul>
<b>Community Engagement &amp; Development</b> 	Engagement with the local communities, NGOs, smallholders in community consultations as well as providing assistance (monetary and non-monetary) to enhance the livelihood of local communities.	<ul style="list-style-type: none"> <li>• Negative perception on lack of actions taken by FGV in addressing sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>• Engage with Sustainability team to understand all commitments made by Company, grey areas, KPIs, etc.</li> <li>• Continuously engage with NGOs, media, and relevant stakeholders, to clarify raised issues.</li> <li>• Periodic review of sustainability related policies to align commitments with regulations and market requirements</li> </ul>
<b>Employee Engagement</b> 	Ensure employee satisfaction through meaningful engagement and communication to promote an inclusive working environment.	<ul style="list-style-type: none"> <li>• Failure to maintain adequate competent employees.</li> <li>• Suspension of FGV's RSPO Certification.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct Job Competency and Proficiency (JCP) analysis.</li> <li>• Conduct job rotation/transfer of staff to ensure company activity is not interrupted.</li> <li>• Conduct job redistribution to economically avoid disruption to company activities.</li> <li>• Embark on a long-term programme with the Fair Labor Association (FLA).</li> <li>• Manage and enforce contractors/vendors to comply with national laws and regulations and FGV's policies and SOPs.</li> </ul>
<b>Talent Management</b> 	Provision of continuous training and career development programmes for employees and plantation workers.	<ul style="list-style-type: none"> <li>• Availability of staff.</li> <li>• Poor human capital development.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide training or enrollment to external programme for staff's personal development.</li> <li>• Develop succession plan for critical job functions.</li> <li>• Identify gaps between skills and resources, coaching and mentoring and execute talent management programme.</li> <li>• Manage staff skill gaps which include management programme implementation.</li> <li>• Encourage staff involvement in company activities.</li> </ul>



## Our Risks and Opportunities

Sustainability Matters	What it Means to FGV	Link to Our Key Risks	Mitigation Actions
<b>Occupational Health &amp; Safety</b> 	<p>Initiatives and efforts to ensure a safe and healthy working environment for employees (including plantation workers) and external stakeholders such as suppliers, service providers and vendors.</p>	<ul style="list-style-type: none"> <li>• Failure to comply to safety laws and regulations.</li> <li>• Fire threats and high occurrence of internal operational related accidents.</li> <li>• Pandemic and restrictive orders/policies by the Government.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide effective communication on health and safety procedures.</li> <li>• Ensure continuous awareness programme on safety to keep workers alert with health and safety at workplace.</li> <li>• Equip workers with safety equipment i.e Personal Protective Equipment (PPE).</li> <li>• Upgrade of firefighting system.</li> <li>• Implement Behavior Based Safety Management System.</li> <li>• Improve operational equipment and working environment.</li> <li>• Maintain of operational and safety equipment.</li> <li>• Set up COVID-19 Management Task Force to ensure the Group's policies and SOPs are aligned to the Government's directives.</li> <li>• Assess the adequacy of medical protection coverage for staff and tracking its utilisation.</li> <li>• Develop policy on staff leave for pandemic self-quarantine and medical.</li> </ul>
<b>Climate Action</b> 	<p>Initiatives to develop climate change mitigation and adaptation measures to manage climate impact to business operations as well as to minimise carbon emissions from business operations.</p>	<ul style="list-style-type: none"> <li>• Greenhouse gas (GHG) emissions in business as the usual scenario will fuel global warming that may affect FGV's operations.</li> <li>• Adverse weather affecting yield and ripeness of FFB.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify carbon emission point through carbon accounting.</li> <li>• Implement initiative for energy efficiency and renewable energy.</li> <li>• Develop new planting material for adapting (climate change).</li> <li>• Ensure proper management of peatland.</li> <li>• Ensure flexible harvesting arrangement for flood area.</li> <li>• Good Agriculture Practice by moisture conservation practices.</li> </ul>
<b>Biodiversity &amp; Land Management</b> 	<p>Conservation of biodiversity in FGV's operating areas through sustainable land management (e.g. zero burning policy) and conservation efforts.</p>	<ul style="list-style-type: none"> <li>• Human-wildlife conflict management will disrupt plantation operations, and affect natural ecosystem services.</li> <li>• Wildlife conflict often result in financial implications.</li> </ul>	<ul style="list-style-type: none"> <li>• Manage wildlife conflicts in and around FGV operational areas.</li> <li>• Implement short, medium and long term measures to reduce wildlife conflicts.</li> </ul>



**Sustainability  
Matters****What it Means to  
FGV****Link to Our Key Risks****Mitigation Actions****Waste Management**

Proper management of the waste generated from operations (including estates, mills and offices) in a responsible manner, in line with regulatory requirements.

- Failure to comply with rules and regulations with regard to residual discharge.
- High Biological Oxygen Demand level in effluent discharge pond.

- Implement effective housekeeping, good maintenance implementation and frequent premise monitoring.
- Strictly follow certifications and regulations requirements.
- Apply latest technology for better environment control.
- Conduct water sample laboratory testing from mill discharge effluent ponds.
- Build tertiary effluent plant, desludging effluent pond, and install aerators.

**Water Management**

Preservation and protection of water sources and to responsibly manage water consumption by FGV's operations (including estates and mills).

- Failure to comply with rules and regulations with regard to residual discharge.
- High Biological Oxygen Demand level in effluent discharge pond.

- Closely monitor water consumption on a daily, monthly and yearly basis by benchmarking against a ratio of less than 1.0 (MT of water: MT FFB Processed).
- Focus on optimising water usage at the top 10 mills with high water consumption - install backup tanks that have a storage capacity usually for up to two days.
- Install a Reverse Osmosis (RO) to treat effluent from the waste water treatment plant.

**Renewable  
Energy & Energy  
Management**

Effective consumption and management of energy in all business operations with renewable energy consumption as part of FGV's energy efficiency management.

- Greenhouse gas (GHG) emissions in business as usual scenario will fuel global warming that may affect FGV's operations.
- Increase in energy footprint.

- Conduct R&D to determine drought tolerant planting material.
- Identify carbon emission points through carbon accounting.
- Minimise unit energy cost of production by operating factory at optimum rate.
- Apply energy efficiency as major criteria in the selection of new equipment.



SECTION 4

# SUSTAINABILITY MATTERS

- 94 Our Sustainability Journey
- 96 Sustainability at Work
- 102 Responsible Business
- 118 Respecting Human Rights
- 140 Climate Action & Environment Protection







# OUR SUSTAINABILITY JOURNEY

## 2018 – 2020

**2018**

Embarked on Awareness Project for Malayan sun bears through Wildlife-CEPA programmes (publications, school activities, road shows, event organisation, etc.)

**FEB 2018**

Published two (2) guidelines:

- Pengurusan Beruang Matahari di Pusat Menyelamat Hidupan Liar Kebangsaan
- Garis Panduan Pelaksanaan Komuniti Sahabat Beruang Matahari

Established one more Community Action Group (CAG) in Gerik (one of the highest wildlife conflict areas in Peninsular Malaysia)

- Risk mapped 72 of FGV's Tier 2 FFB suppliers to palm oil mills
- FGV became a Participating Company of the Fair Labor Association (FLA)

**OCT 2019**

- Verified deforestation activities surrounding FGV's palm oil mills
- Conducted energy audit in palm oil refineries, rubber mills, sugar refineries and bulkers
- Adopted GSP 3.0
- Initiated responsible sourcing initiative

**MAY 2019**

**NOV 2019**

- Co-organised Human Wildlife Conflict (HEC) Workshop – identifying and addressing the issues in mitigating human-elephant conflicts in and surrounding plantations together with FELDA, MPOC & SWD in Tawau
- Established FGV's One-Stop Centre for the recruitment of workers in Lombok, Indonesia
- Relocated its One-Stop Centre to Gemenchah, Negeri Sembilan

**JUN 2019**

- Adopted FGV Guidelines and Procedures for Responsible Recruitment of Foreign Workers
- Commenced Socialisation Programme for GSP 3.0 and other sustainability-related policies and procedures
- Reviewed employment contract to include provision to ensure no recruitment fee is charged to workers
- RSPO CP lifted the suspension of FGV's Serting Complex certification
- Completed installation of passport safety boxes which began in 2016

**JAN 2020**

- RSPO CP resuspended certification of the Serting's Complex and certification processes for other uncertified units

**FEB 2020**

- Achieved 100% MSPO Certification
- Rolled out pilot project for FGV's e-wallet system
- Established FGV's One-Stop Centre for the recruitment of workers in Chennai and Kolkata, India
- Initiated rubber traceability
- Established TVTF to verify suppliers' compliance to FGV's sustainability commitments

**MAR 2020**

- Embarked on a month-long #FGVsavethesunbear awareness programme in conjunction with United Nations (UN) World Wildlife Day 2020
- Developed guidelines for 'Well Managed Area for Wildlife' to manage the potential for human-wildlife conflict.
- Adopted and published its Action Plan under its affiliation with FLA
- Submitted an appeal to RSPO CP against its directives dated 13 January 2020.



Organised 'Wildlife Conservation Awareness Week'.

**MAR 2018**

Launched FGV Sun Bear Conservation Programme (SBCP).

**APR 2018**

FGV Pontian United Plantation (PUP) planted 10,033 seedlings in Kinabatangan riparian area under the Mega Biodiversity Corridor Conservation Project in the lower Kinabatangan Basin.

**OCT 2018**

- Adopted Action Plan to address RSPO CP Directives

**MAR 2019**

**APR 2019**

- Conducted 'Train the Trainers' for Kelab Pencinta Alam (KPA) School Teachers (Pahang State Level).
- Established SOP and Training for CAG to conduct patrolling and monitoring.
- Adopted FGV Supplier Code of Conduct
- Commenced Regularisation Programme for Workers in Sabah

- Collaborated with Tenaganita to develop human rights training module
- US Customs and Border Protection (CBP) issued Withhold Release Order (WRO) against palm oil and palm oil products made by FGV, its subsidiaries and joint ventures
- FLA published its Assessment Report on the implementation of FGV - FLA Action Plan
- Developed the Malayan Sun Bear Conservation Action Plan in Peninsular Malaysia (MSBCAP) under Sun Bear Conservation Programme

**AUG 2020**

- Rescued and adopted an injured baby pygmy elephant named 'Sahabat' in Lahad Datu, Sabah
- Kicked-off carbon accounting

**JUL 2020**

- Adopted and implemented energy efficiency programmes in rubber mills
- RSPO commenced its verification audit
- Adopted GSP 4.0

**NOV 2020**

- 78 Sun Bears were rescued, 56 rehabilitated and 52 released into the wild under the 5-year Sun Bear Conservation Programme
- Collaborated with Human Rights Commission of Malaysia (SUHAKAM) to assess the working and living conditions of FGV's workers

**DEC 2020**

**NOV 2018**

- FGV -PUP organised a course, the 'Honorary Wildlife Warden' (HWW)
- Co-organised seminar on: 'Status Penyelidikan Rafflesia- Suatu Perspektif' at Forest Research Institute Malaysia (FRIM) and participated in Hari Mesra Hidupan Liar (HMHL) 2018
- RSPO Complaints Panel (CP) suspended Serting's RSPO certification



# SUSTAINABIL

**“SUSTAINABILITY REMAINS A TOP PRIORITY AND BUSINESS IMPERATIVE FOR FGV AND IS ESSENTIAL TO OUR LONG-TERM SUCCESS. OUR SUSTAINABILITY EFFORTS ARE NOT ONLY GEARED TOWARDS GROWING OUR BUSINESS OPTIMALLY, BUT SIMULTANEOUSLY DELIVERING TANGIBLE SOCIAL VALUE CREATION, WHILST UTILISING NATURAL RESOURCES RESPONSIBLY, AND MAINTAINING MEANINGFUL RELATIONSHIPS WITH OUR STAKEHOLDERS.”**



Sustainability has become the top priority of listed plantation companies as they navigate the three areas of sustainable development: economy, society and environment. Bursa Malaysia has also stepped up its efforts to encourage companies to strengthen their ESG portfolio. In addition, customers, especially in the European Union and USA, have made sustainability the defining factor in their buying decisions. While these form a strong basis for greater adherence to sustainability standards, the moral imperative to do the right thing by respecting human rights and protecting the environment serves as our main motivation to continue advancing FGV’s sustainability agenda.

In 2020, FGV has strived to uphold the best practices in sustainability and we have committed to deliver sustainable values to all our stakeholders. We are continuously improving our products and services by adopting sustainable approaches to optimise resources and to promote operational efficiencies while respecting human rights and minimising environmental impact arising from our business operations.

With the ever-evolving ambit and criteria of what is deemed as sustainable for palm oil producers, one thing is clear: FGV plans to keep up with these changes and keep abreast with the latest global sustainability developments and industry specific expectations and requirements.



# ITY AT WORK

Being one of the largest producers of Crude Palm Oil (CPO), we cater to international markets, where our export volume is influenced by being certified Sustainable Palm Oil (CSPO). Such value creation for stakeholders can only be accrued by adopting sustainable practices in all that we do as an organisation.

Besides the palm oil industry sustainability watchdogs, our sustainability practices are also shaped by the United Nations Sustainable Development Goals (SDGs), the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Universal Declaration of Human Rights (UDHR). As a Group, we have made sustainability one of the key enablers to help us achieve the objectives of our Business Plan 2019-2021 (BP21). Ensuring that we are in line with international and industry best practices, we have adopted our GSP, with the latest update in November 2020.

This is FGV's 6<sup>th</sup> year of integrated reporting, and details of our 2020 sustainability activities can be found in the latter part of this section and our website at [www.fgvholdings.com](http://www.fgvholdings.com). Our sustainability reporting practices adhere to Bursa Malaysia Securities Berhad's 2<sup>nd</sup> Edition Sustainability Reporting Guide. We are also guided by the Global Reporting Initiative Standards on sustainability reporting, International Integrated Reporting Council (IIRC) Framework and other global best practices.

## FGV GROUP SUSTAINABILITY POLICY (GSP) 4.0

The FGV GSP serves as an overarching framework for FGV's sustainability agenda. The GSP comprises three pillars namely promoting economic growth, respecting human rights and protecting the environment. The GSP applies to the whole of FGV Group including its listed and non-listed subsidiaries worldwide as well as to FGV's contractors and suppliers.

As part of our commitment to continuous improvement, in November 2020, we reviewed and revised our Group Sustainability Policy 4.0 (GSP 4.0), which strengthened a number of provisions namely those relating to FGV's commitment to human rights, with a view to aligning them with the Fair Labor Association (FLA)'s Workplace Code of Conduct (WCOC), which is based on international human rights and labour standards. The latest review of the GSP involved a series of consultations with internal and external stakeholders including with civil society organisations, academicians and relevant United Nations agencies.

At the heart of the GSP, we indicate our strong commitment to uphold the principle of No Deforestation, No Peat and No Exploitation (NDPE).

The GSP communicates FGV's commitment, as a business entity founded on the ideals of poverty eradication and sustainable development, to deliver value to our customers and stakeholders especially our smallholders. This includes upholding international principles, standards and practices as key measures of our sustainability journey and practices.

To be recognised as a responsible business leader, FGV also submits itself to rigorous sustainability audits by world-renowned certification authorities such as the Roundtable on Sustainable Palm Oil (RSPO), and its Malaysian variant, the Malaysian Sustainable Palm Oil (MSPO).

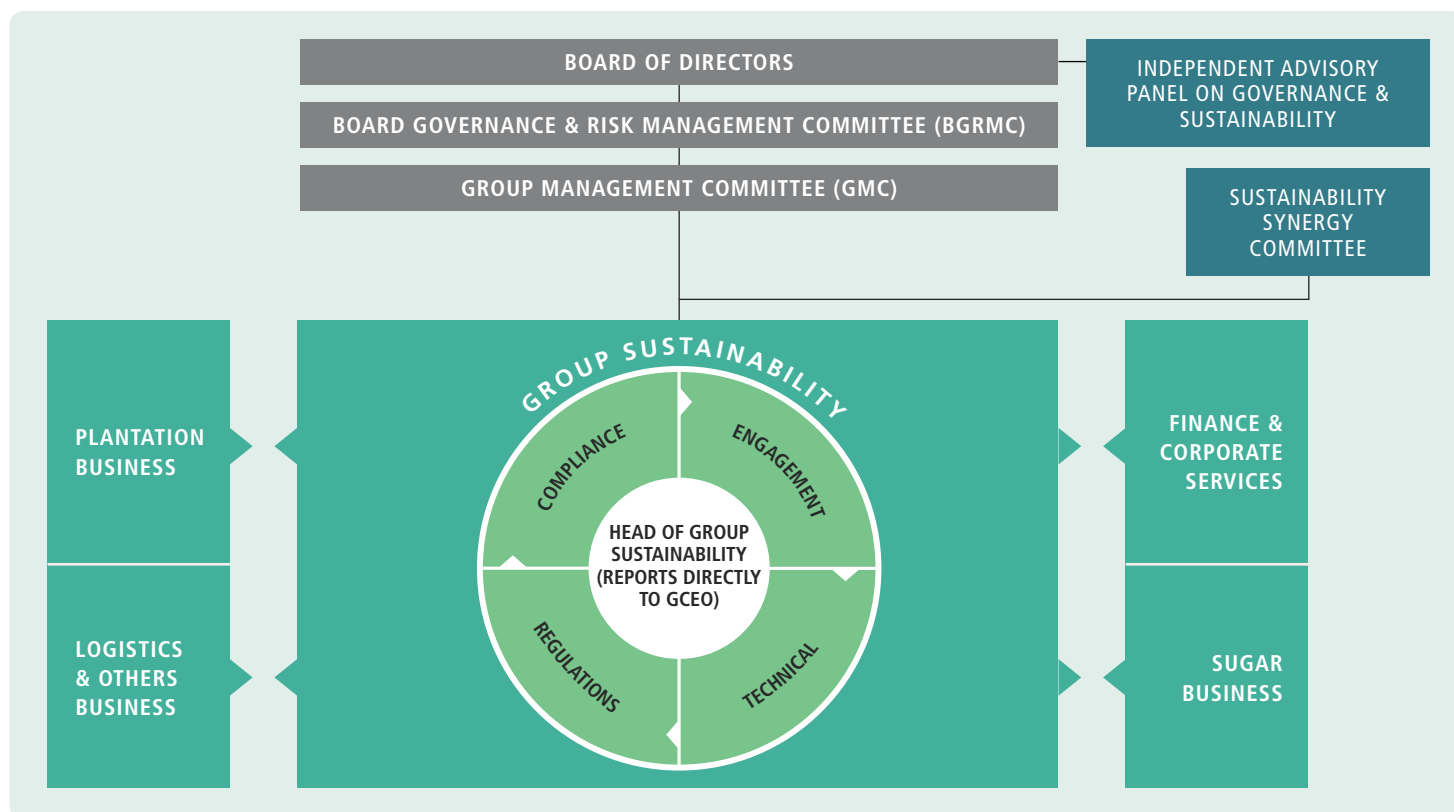




## Sustainability Matters

### SUSTAINABILITY GOVERNANCE

Led by the Board of Directors, sustainability remains a priority for FGV. Reporting structures are clearly defined to ensure that the Group Sustainability Policy (GSP) is implemented in the spirit and manner it is intended. The roles and responsibilities of the sustainability governing body are depicted below.



#### THE BOARD OF DIRECTORS

The Board of Directors formulates the GSP and ensures that it is executed by the GMC. The Board also ensures that the GSP takes account of material matters that impact business goals and ascertains FGV's sustainability practices. In addition, the Board is responsible for approving FGV's sustainability disclosures.

#### INDEPENDENT ADVISORY PANEL (IAP)

The IAP was set up in November 2019 and consists of experts who provide independent advice to the Board and Group Management Committee on how FGV can improve its corporate governance and sustainability performance. The composition of the IAP, and its roles, responsibilities and recommendations are made to address sustainability issues faced by the Group in 2020 published in Section 5: How We Are Governed on page 197.

#### BOARD GOVERNANCE AND RISK MANAGEMENT COMMITTEE (BGRMC)

The BGRMC is the board committee with oversight for the formulation of the GSP and sustainability strategies. It monitors their implementation by the GMC, and also reviews the Sustainability Report and any other related information that has a major financial and/or reputational impact on the Group.

#### GROUP MANAGEMENT COMMITTEE (GMC)

The GMC reports directly to the Board and is the conduit between the Board (that includes the BGRMC) and the FGV operational units on sustainability and corporate governance related matters. The GMC is composed of members of the senior management team and is chaired by the Group Chief Executive Officer (GCEO), who oversees, advises and monitors the overall performance of the Group's sustainability initiatives.



## SUSTAINABILITY SYNERGY COMMITTEE

The Head of the Group Sustainability Division chairs the Sustainability Synergy Committee. This Committee consists of representatives from various businesses and divisions in the Group, and facilitates the mainstreaming of sustainability principles and practices throughout FGV. The Committee is also entrusted with the effective implementation of FGV's sustainability initiatives.

## GROUP SUSTAINABILITY DIVISION (GSD)

The Head of GSD reports directly to the GCEO, who provides leadership and direction for sustainability initiatives. The Head of GSD 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 GSD consists of the following departments:

### Sustainability Compliance and Certification Department (SCCD)

**Advises** the relevant departments or units on sustainability matters pertaining to the conduct of **responsible business**. Monitors **compliance** to sustainability standards including RSPO and MSPO.

### Sustainability Regulation Department

**Ensures our policies and procedures** are in line with relevant international **standards** as well as applicable **laws and regulations**.

### Sustainability Engagement Department

**Develops** stakeholder engagement strategies and **communication plans** and **monitors projects' progress**. Engages with stakeholders on sustainability reporting and **human rights programmes**.

### Sustainability Technical Department

**Establishes** methodology to measure, monitor and improve the performance of key sustainability areas. It **engages** with external parties on sustainability ratings. **Drives** environmental education and research. **Collaborates** with external parties on conservation programmes.

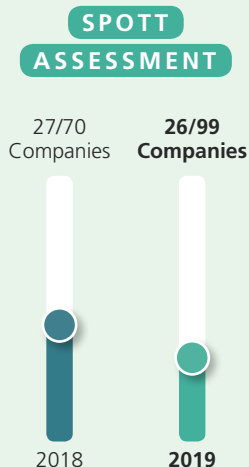




## Sustainability Matters

### OUR SUSTAINABILITY PERFORMANCE

FGV ranked **23<sup>rd</sup>** out of **100** companies in the **SPOTT Assessment**.



FGV scored **74** out of 100 points in the **Forest Heroes Green Tigers Index Rankings**.

In 2020, FGV scored 74 points and maintained its Green Cat Category. The report assesses efforts of companies to adhere to deforestation standards and policies.



**FGV's Impact on Sustainability**

FGV has been listed by the World Benchmarking Alliance (WBA) as one of the SDG2000 companies. SDG2000 identifies the 2000 most influential global companies where FGV falls under 350 keystone companies within the food and agriculture industry that are critical to achieving UN's SDGs by 2030.

### FGV WINS RENEWABLE ENERGY AWARD FOR THREE CONSECUTIVE YEARS AT THE NATIONAL ENERGY AWARDS 2020

FGV through its subsidiary FGV Palm Industries Sdn. Bhd. (FGVPI), was the winner for the National Energy Awards (NEA) 2020, under the Renewable Energy (Cogeneration) Category. FGVPI has won the national award for three consecutive years since 2018 in various renewable energy categories related to converting palm waste to energy. The Award was presented to FGVPI's Sahabat Biomass Cogeneration Plant (SBCP) which utilises Empty Fruit Bunches (EFB), a palm waste by-product to produce steam and electricity. The biomass power plant is located in FGV's Sahabat Complex in Lahad Datu, Sabah.





## 2020 KEY ACHIEVEMENTS



## FGV REVIEWED ITS SUSTAINABILITY MATTERS, WHICH ARE CATEGORISED INTO THREE THEMES:

## THEME 1

### Responsible Business



## Achieved

# 100%

traceability of FFB to Mills



In 2020, FGV revised the Supplier Code of Conduct (SCOC) to strengthen sustainability requirements, with which all suppliers are required to comply.



## Achieved

# 81%

Traceability to Plantations (TTP)



## THEME 2

### Respecting Human Rights



Embarked on a implementation of the comprehensive FGV-FLA Action Plan to enhance labour practices



Established a Committee on Gender Equality and Women Empowerment with the aim of adopting gender responsive and gender mainstreaming approaches in FGV's practices



## Completed

# 387/435

**blocks of housing** for workers throughout Malaysia as part of efforts to fulfill workers' right to an adequate housing



## THEME 3

### Climate Action & Environment Protection



## Achieved

# 50%

Verification of external FFB supply compliance to NDPE commitments



Sun Bear Conservation Programme 

# 78

rescued,

# 56

rehabilitated

and **52** released to wild

## Out of the

# 28

**biogas plants**

in FGV, **11** are certified as Feed-in-Tariff projects and exported **15.4MW** to the national grid in 2020





Sustainability Matters



# #1 Responsible Business

As a premier plantation company, FGV is continuously reinventing itself towards responsible business operations. Our adaptation is driven by the evolving business landscape and market requirements.

At FGV, we approach sustainability as a Group and apply the sustainability requirements of our palm oil business to our other businesses with equal rigour.

In 2020, FGV's operations faced challenges following the movement restrictions imposed by the Malaysian Government due to the COVID-19 pandemic. Despite these challenges, FGV continues to move forward with our sustainability initiatives in line with our commitments as a responsible business.

-  .....  
Operational Excellence
-  .....  
Traceability, Responsible Sourcing & Supply Chain Management
-  .....  
Sustainability Certifications
-  .....  
Business Development & Product Quality
-  .....  
Governance, Ethics and Integrity
-  .....  
Data Security and Protection



## SUSTAINABILITY MATTER: OPERATIONAL EXCELLENCE

At FGV, the pursuit of operational excellence serves four (4) functions: it results in quality products and services, prevents redundant practices to deliver operational cost reductions, creates new business opportunities, and enhances the image of the company. Operational excellence is integral to robust business performance, and is a priority at FGV.

### PLANTATION

Part of FGV Plantation Business turnaround strategy is to improve its business operation focusing on enhancing our productivity, optimising production cost, minimising losses and removing wastages, resulting in an improved quality of products and standardised process across the Plantation Business value chain.

To achieve this, four (4) key strategies has been identified for the Plantation Business Operational Excellence initiatives, namely:



In 2019, the Plantation Business Operational Excellence Roadmap was introduced focusing on three (3) Phases, namely Brilliant at Basic Phase, Achieving Best Performance Phase and Top Quartile Phase.

Central to the roadmap are sustainable practices that consist of the holistic implementation of 'Best in Class' practices to cover operational, financial, quality, competencies and management.

As part of our ongoing effort to drive process improvement and value creation, we have implemented the Continuous Improvement Project (CIP) throughout the Plantation Business. The CIP focuses on improving operational key performance target relating to our core business operations such as cost, quality and productivity.

On top of that, to ensure the CIP culture is effectively embedded within our business, we have implemented an initiative to build core competencies of our employees through coaching activity. To date, our CIP practitioners initiative is going well and we aim to create CIP practitioners across all functions in the Plantation Business by 2023.

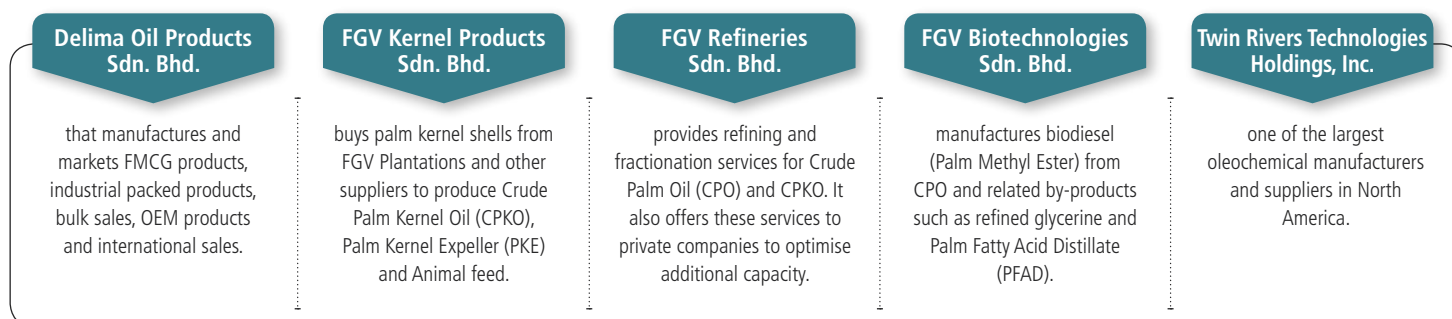
Part of the improvement initiatives covers the workers housing. FGV is strengthening its efforts to upgrade housing conditions in the plantations. In 2018, FGV embarked on workers' housing improvement projects in a number of locations in Malaysia. The project is almost 89% ready as at end 2020. The housing standards fulfilled regulatory housing requirements of the Malaysian Government and other jurisdictions where FGV operates.



## Sustainability Matters

FGV's downstream business is engaged primarily in the manufacture of palm oil based products. The primary focus here is to maximise value creation and optimise our oils and fats and oleochemical positions to increase market share.

We have five subsidiaries entrusted to produce different products and services. They are:



In 2020, the COVID-19 Movement Control Order caused disruptions to the supply chain. There were delays in raw material supply, response times of vendors providing technical services and a decline in demand for products.

Since 2018, FGV has rolled out the Loss Elimination Project as part of our cost reduction initiatives. This has enabled us to achieve significant savings in our operations.

FGV's immediate to mid-term focus here is to continue with our strategy to reduce operational costs. One opportunity for this lies in investing in energy efficiency systems. At Delima Oil Products, for example, there are plans for an Energy Management System Certification and the installation of a solar power system to save on energy costs.

### Centralised Sales and Marketing

FGV has a centralised sales and marketing arm for our various midstream products. In 2020, primary products traded were vegetable and lauric oils, in addition to biodiesel and related products.

Since 2019, FGV has always placed an emphasis on the optimisation of trading margins. In pursuit of achieving such margins, we have been executing an asset-based trading model to ensure FGV product pricing strategies are competitive, especially for both domestic and export market. Furthermore, we are continuously deploying robust sales and marketing strategies, as well as structuring our approaches according to different countries and product requirements.

Simultaneously, FGV seeks to expand, strengthen and explore marketing and trading networks. Although the COVID-19 pandemic has affected some of our drive to develop new growth areas, we have made progress in penetrating the Indian market. In July 2020, we incorporated FGV PU India Pte Ltd., a joint venture based in Hyderabad. By 2022, we plan to utilise FGV PU India Pte Ltd. as FGV's vehicle for downstream FMCG food products in India.

As we move further forward, FGV plans to focus on export sales and diversify our product portfolios. In anticipation of this direction FGV will be taking steps to become business ready to seize new opportunities and manage the challenges in a competitive operating landscape.



### HIGH VOLUME TRADING

FGV's Plantation business is a significant contributor to Group revenue from the trading of high volumes of vegetable oils, lauric oils and biodiesel products.



## PLANTATION BUSINESS - OPERATIONAL IMPROVEMENT INDICATORS



## YIELD IMPROVEMENT

**Improving yield through operational**

efficiency and leveraging on innovation with environmentally friendly pesticides and fertilisers as a part of mitigation strategies to reduce pressure on the environment.

**Use of seeds, pest and disease control and fertilisers**

that are supported by the use of the latest technologies and implementation of site-specific good agricultural practices (GAP)

**Replanting programme**

- Maintenance of productivity and sustainability of the business.
- Ensuring the age profile stays in the prime range.
- Continuation of replanting programme until FGV achieves normalised average age profile of 12 years by 2026.
- Usage of high-density planting materials to produce higher yields.
- Piloting of self-replanting project that aims to utilise FGV manpower for replanting instead of outsourcing to contractors.

**Implementation of Good Agriculture Practice (GAP) across the estates**

- GAP implementation plan with 100% conformance and monitoring by Agronomist
- Strengthen the crop recovery and minimise lossess by harvesting system effectiveness
- Roll-out of Agro Team that responsible on monitoring fertiliser application, supervising the foliar and soil sampling including replanting standards monitoring

**Intercropping on marginal land**

- Maximise use of landbank to generate revenue
- Establishment of a pineapple seed garden at FGV Maokil 7, Johor that leverages on marginal land that does not generate value for three years following replanting of oil palm



## PRODUCTION OF PREMIUM QUALITY OIL

Introduction of  
**Premium Quality (PQ) CPO** with  
Free Fatty Acids (FFA) content of lower than

**1.5%**

**One stop centre** for bulk products, from planning, delivery to buyers, managing the end-to-end spectrum of the **supply chain**, and with a **good reputation** as a supplier of high-quality and sustainable oils.

**Quality Services for:**

- Product specification consultation
- Sales & purchase planning
- Freight on board and cost net freight shipment to export buyers
- Ground transport for local delivery
- Shipping documentation management

In 2020, FGV traded in the following products

**Palms**

- Crude Palm Oils
- Processed Palm Oil including Refined, Bleached, Deodorised (RBD) Palm Oil, RBD Palm Olein, RBD Palm Stearin, Palm Fatty Acid Distillate

**Laurics**

- Palm Kernel
- Crude Palm Kernel Oil
- RBD Palm Kernel Oil
- Palm Kernel Fatty Acid Distillate
- Palm Kernel Expeller

**Biodiesel Products**

- Palm Methyl Ester
- Glycerine



## Sustainability Matters

### Driving operational improvements with R&D

FGV has an award winning R&D arm to drive operational improvements across the upstream, downstream and integrated farming activities. Through robust business-oriented and cutting edge R&D programmes, we have been able to strengthen the value creation capabilities of FGV's agribusiness activities. At the same time we are stepping up the commercialisation of our R&D products in the external marketplace.

#### R&D FOCUS AREAS



##### UPSTREAM

- Good agronomic practices to increase yield
- Reduce inorganic fertilisers
- Increase mechanisation to reduce dependence on manual labour
- Develop niche fertiliser products and expand into external markets
- Improve efficiency through mill modernisation



##### DOWNSTREAM

- Produce new products for Downstream FMCG
- New products for Specialty Chemicals



##### INTEGRATED FARMING

- Support Integrated Farming ventures

In 2020, the R&D strategic focus was on projects to operational improvements in boosting the productivity of the Upstream Division as well as Downstream research of food and non-food products. We made good progress in product development and process improvements, and will be entering a new product market, namely rat baits for paddy farms.

### 2020 ACHIEVEMENTS

#### Completed Projects

During the year, R&D completed a variety of projects:

- New pesticide  
(1) Weed Solut-ion
- New strategic crop  
(1) Certified Pandan Coconut Seedlings
- New products for consumer products  
(1) PREMEO Frying Oil  
(2) PREMEO Dairy Fat Replacer  
(3) PREMEO Animal Fat Replacer  
(4) Premium Blended Oil (Olein & Sunflower)  
(5) Soft Spread  
(6) Adela Industrial Margarine  
(7) Saji Plus (Olein & Soy)
- New products for specialty fats  
(1) Crude Lactic Acid  
(2) Crude Ethyl Ester

#### Product Development

- Fortified organic fertilisers for mature oil palm **(480MT)**
- Bamboo tissue culture **(50,000 seedlings)**
- Geospatial precision technology (SAFE) for high standard replanting model **(200 ha)**



#### Process Improvements

- Improving seed germination rate **(>80%)**
- Establishing **barn owl** population in PUP

#### New Market Segment

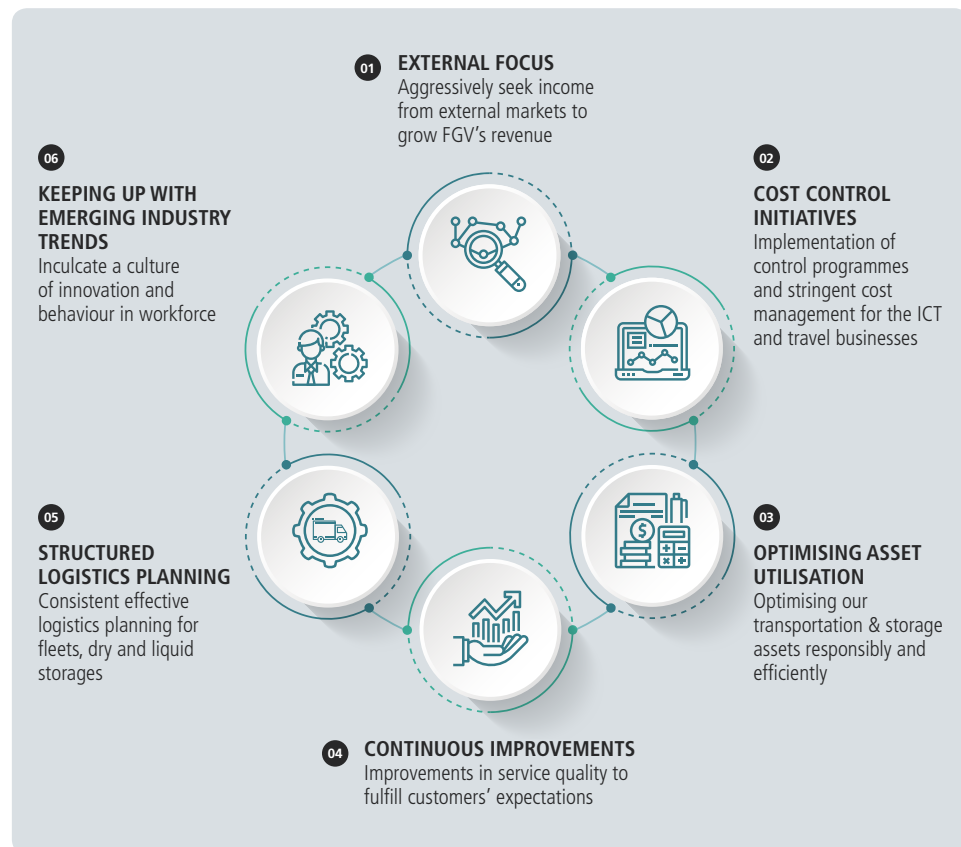
- **Rat bait** registration for paddy fields



## LOGISTICS & OTHERS (LO)

FGV's LO Business provides end-to-end supply chain services, and is our bridgehead to customers.

We identified seven (7) areas for operational improvement for this business. They are:



## INTEGRATED FARMING

FGV's integrated farming business is the way forward as a premier agribusiness player involved from farm-to-fork.

In 2020, the Group made some progress with the launch of an end-to-end grocery marketplace under the brand name GOGOPASAR. With this, FGV is set to increase its participation in the digital market space to reach online shoppers. GOGOPASAR is a partnership between a digital infrastructure service provider and FGV.

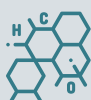
The GOGOPASAR business model will enable FGV to control the supply chain by removing intermediaries. It will allow FGV to take charge of packaging, selling & marketing and delivery. In turn, benefit from better pricing margins compared to conventional sales models adopted by other industry players in the market. However, FGV's price setting will be based on industry trends.

GOGOPASAR also creates opportunities for farmers, who will be offered incentives based on the volume and quality of their supply. Most importantly, it is aligned to FGV's ultimate goal of marketing products grown by farmers at fair trading prices. FGV is also deliberating on appointing home agents, to be called GoGopreneurs. This will create job opportunities in sales, marketing and customer management.

### Future Priorities

For 2021, FGV has identified four (4) key strategic initiatives to increase operational efficiency.

### 2021 KEY STRATEGIC INITIATIVES



Reduction of inorganic fertiliser usage via large scale commercial application of Fortified Organic Fertiliser (FOF) for mature oil palm



Establishment of high standards replanting model via utilisation of SAFE technology



Enhancement of R&D for FMCG products



Increase fertiliser's external market segment



## Sustainability Matters



### SUSTAINABILITY MATTER: TRACEABILITY, RESPONSIBLE SOURCING AND SUPPLY CHAIN MANAGEMENT

At FGV, we recognise that we have both the responsibilities and opportunities to drive change through our supply chain management. We believe traceability is an essential element of our business and is instrumental in fulfilling our commitment to responsible sourcing.

Our traceability efforts continued with 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 stepped up information dissemination and communication with suppliers for proper end-to-end traceability.

FGV is committed in ensuring all raw materials are procured from sustainable sources aligned to our GSP commitments. We have also embarked on efficient supply chain management, aiming at reducing our operating costs. Our efforts include strategic sourcing with better negotiated transactions and improved internal processes. With that, we saw 10% savings in our procurement costs.

Our GSP 4.0 that took effect in November 2020 requires all suppliers to be aligned to FGV's sustainability requirements and practices. In relation to this, FGV has been conducting familiarisation sessions to suppliers.

### SUPPLY CHAIN MANAGEMENT AMID THE COVID-19 PANDEMIC



The COVID-19 outbreak and the Government movement restrictions affected our Consumer Products Division. It saw delays in the delivery of raw materials and packaging supplies; and in March 2020, deliveries halted altogether. As a result, our factories were unable to meet the demand for cooking oil. To overcome cooking oil shortages, FGV's Group Procurement Division stepped in and found alternative sources of supply, and in this way, avoided the risk of poor supply chain management.

This corrective action saw FGV sourcing bottles, cartons and nylon pouches from alternative suppliers. Following this experience, FGV adopted a policy of awarding tenders for any raw material or packaging material to at least two suppliers. This will mitigate the risk of shortages of FGV consumer products in the marketplace to ensure secured supply.

In relation to our traceability effort, there was a delay in the validation of traceability data. For most of the year, communication with our FFB suppliers took place in the form of emails and telephone communications while traceability data was restricted to desktop validation.

As for our logistic business, COVID-19 movement control restrictions affected our haulage and travel services. Also, there was the risk of congestion in warehousing facilities due to CPO exports exceeding demand from importers, with the closure of ports in our primary CPO markets. There was also a delay in six (6) ongoing strategic development projects. With the need of social distancing, FGV implemented the Integrated Logistic & Distribution System (ILDS) mobile application for drivers as a precautionary measure; the application can also trace the location of drivers of FGV vehicles.





### Supplier Code of Conduct

In 2020, FGV revised the Supplier Code of Conduct (SCOC) as part of the implementation of the FGV Action Plan with FLA. The SCOC outlines the principles and standards with the suppliers are required to comply pertaining to sustainability practices; business ethics and integrity, safety, health and environment, and labour practices.

Non-compliance to the SCOC will result in the application of the FGV's Supplier Delinquency Guidelines, with the possibility of the offending supplier/vendor being suspended or terminated and blacklisted should they fail to demonstrate willingness to rectify gaps in their practices.



### Responsible Sourcing

Between 2019 and 2020, FGV conducted eight (8) familiarisation sessions for our FFB suppliers to create awareness on the GSP. Following the adoption of the revised GSP in November 2020, we managed to conduct an additional six (6) sessions in 2020. In total, FGV saw over 200 participants throughout the awareness raising initiative.

## SUPPLIER ASSESSMENT & EVALUATION PROCESS

The appointment of suppliers is based on open tenders to ensure a fair procurement process. Prior to the appointment of suppliers, FGV conducts a pre-qualification exercise to ascertain the suppliers' suitability. Suppliers are required to comply with the SCOC that spells out FGV's sustainability requirements and expectations.

To monitor the performance of suppliers, FGV uses a vendor management system known as e-Daftar, an online system that is connected to FGV's SAP system. The system, which incorporates FGV's policies and requirements, is compulsory for all suppliers' registrations.

The system allows FGV to monitor the status of suppliers (i.e. active and inactive). Blacklisted suppliers are put on a watchlist. By referring to e-Daftar, FGV is able to avoid engaging with blacklisted and inactive suppliers.

In the event of minor non-compliances, FGV will provide guidance to the suppliers with an improvement plan to ensure better sustainability practices.





## Sustainability Matters

### TRACEABILITY AND RISK MAPPING PROGRAMME

#### Traceability and Validation Task Force

In 2020, FGV established a traceability and risk mapping programme for external suppliers. This programme aims to identify and verify the sustainability risks, including environmental as well as social and human rights risks, associated with external suppliers based on their specific geographical areas.

In 2020, we established the Traceability and Validation Task Force (TVTF) in collaboration with MISI, MIMOS and Procter & Gamble. The task force is entrusted to trace, assess and verify for compliance third party FFB supply chain against FGV's GSP and assist the independent smallholders in improving their farming practices.

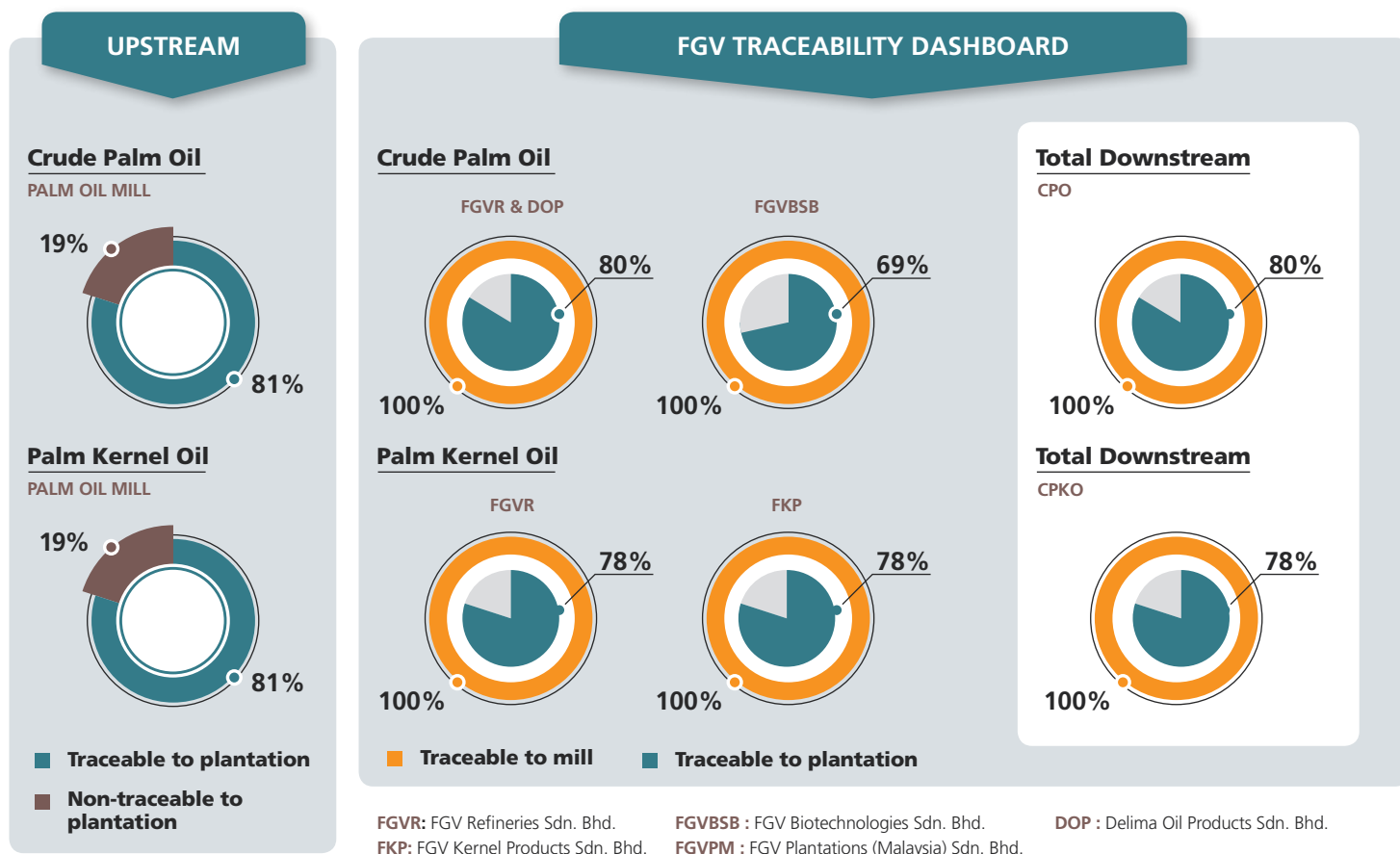
The task force set out to trace the source of FFB from independent suppliers to 32 mills, and also verify the compliances with FGV's GSP. As at end of 2020, it had traced 1,600 independent smallholders supplying to 10 mills to their farms, inclusive of their NDPE compliance details. FELDA settlers & independent smallholders account for 47% of total external supply in FGV's supply chain.

In addition, the task force requires FGV to validate data provided by mills and super dealers and sustainability risk mapping for large suppliers from commercial plantations.

#### TRACEABILITY IN OUR PLANTATION BUSINESS

We practise three (3) types of traceability: Traceability to Mills (TTM), Traceability to Plantations (TTP) and Traceability of Products (ToP). Our traceability initiatives are to ensure that FFB sources are not linked to activities-related to deforestation, planting on peat and open burning, in line with the GSP's NDPE commitments.

Since 2019, FGV has been publishing the FGV traceability dashboard on the company website. The dashboard updates customers on the TTM and TTP status of our plantation subsidiaries, namely FGV Plantations (Malaysia) Sdn. Bhd., FGV Refineries Sdn. Bhd., FGV Kernel Products Sdn. Bhd., FGV Biotechnologies Sdn. Bhd. and Delima Oil Products Sdn. Bhd.





## Traceability to Mills

In 2020, we are proud to note that we successfully maintained **100%** Traceability to Mills that was achieved in 2019.

## Traceability to Plantations

In 2020, we have achieved **81%** traceability to plantations, covering **FFB suppliers**. We will continue our efforts to improve the traceability to plantations notwithstanding the complexity of the FFB traders' network, our third-party suppliers.

To address this challenge FGV works closely with our value chain partners to ensure that traceability and transparency are embedded in their practices as well. As a regular practice, our sustainability team engages with our FFB suppliers and communicates with them our sustainability commitments. It also updates and validates FGV's traceability data.

In 2020, against a **75% traceability target set**, we **achieved 81%** (2019: 80%).

FGV targets to achieve a **100% Traceability** to Plantation for external **indirect suppliers by 2021**.

Financial Year	Target	Our Performance
<b>FY2019</b>	<ul style="list-style-type: none"> <li>50% traceability of external indirect suppliers</li> <li>Sustainability risk mapping for all traceable suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>68% of the external indirect suppliers are traceable</li> <li>100% sustainability risk mapping has been done on all traceable suppliers.</li> </ul>
<b>FY2020</b>	<ul style="list-style-type: none"> <li>75% traceability of external indirect suppliers</li> <li>Sustainability risk mapping for all traceable suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>76% of the external indirect suppliers are traceable</li> <li>100% sustainability risk mapping has been done on all traceable suppliers</li> </ul>



### Enhanced FGV Traceability of Product System (FGV ToP system)

In 2020, as part of our traceability initiatives, we have enhanced FGV-ToP System, a computerised traceability system that enables customers to obtain details such as the certification, geo-location and production per month at a FGV mill in an interactive manner. FGV ToP is part of an overall Sustainable Palm Oil Management System (SPOMS) that includes an Audit Integrated Management System (FGV AIMS).

With the enhancement, the system will provide comprehensive information of FFB/CPO/PK/PKO movements together with attributes such as instant traceability compliance status. This system covers all palm oil related products from FGV subsidiaries. It will also enable customers access to some information that will be presented in a user-friendly manner.

## Future Priorities

In 2021, we plan to expand TTP of our FFB to Tier 2 and Tier 3 suppliers in plantations. By 2023, FGV's goal is to expand the Group Sustainability Policy (GSP) to all its supply chain partners, and for FGV products to be fully compliant with the CSPO conditions required by the international marketplace. FGV is in the process of appointing a vendor to develop a system that is scheduled to go live in 2021.



## Sustainability Matters

### Managing NDPE Risks of Indirect FFB Suppliers

FFB from the dealers network may carry high risk towards FGV's NDPE commitments.

In 2020, FGV conducted an assessment of the NDPE risk level within a 50km radius of 72 FFB collection centres that account for 50% of supplies from the FFB dealers network.

Overall, our findings showed that none of these posed high NDPE risks. However, on the specific subject of deforestation, we identified four (4) collection centres, which accounted for 1.5 per cent of supply from our dealers network, as being exposed to the risk of deforestation in their surroundings. Another 22 collection centres were exposed to peatland risk.

FGV has notified the concerned parties of these findings, and awaits verification of the data collected during the assessment exercise.



### Rubber Business

FGV's rubber business focuses on the production of high-quality natural rubber materials. Our Rubber operations completed a successful turnaround of the business, recording 3 million net profit in 2019 for our Malaysian operations. In addition to the commercial rubber, we have produced green rubber, a high-quality speciality rubber with synthetic rubber properties.

As a Group practice, our raw material suppliers are bound by the FGV SCOC. The Rubber Division has also mapped out the supply in Malaysia, where 70% are obtained from domestic sources, with a traceability process that can detail the region from which our rubber products originate.

Our factories in Malaysia also adopted SAP system that is used to monitor and update data on sources of raw materials, rubber volumes and schedule of shipments and deliverables. In Thailand, the Rubber Division team visits suppliers or their agencies to assess their sustainability practices.

In 2020, FGV embarked on the traceability of rubber supply from domestic sources to ensure they do not come from deforested or protected areas. Our target was 100% traceability of Tier 2 supplies. We successfully achieved 96% traceability by the end of 2020 and we expect to achieve 100% traceability by 2021. In 2021, we are exploring to trace the origin of rubber from overseas supply.

Financial Year	Target	Our Performance in 2020
2020	1. Trace the source of FFB (TTP) to 23 mill complexes and verify their compliance with FGV's GSP.	1. 1,600 independent smallholders supplying FFB to 10 mills have been traced to their farms with full traceability and NDPE compliance information.
	2. To validate data provided by FGV at mill level and super dealer level selectively (sampling).	2. 3,200 independent smallholders have been traced to be supplying FFB to the 23 mills.
	3. Sustainability risk mapping for NDPE compliance for large suppliers (i.e. commercial plantations).	3. 72 collection centres (comprising about 50% of FFB from dealers network) has been risk mapped. None shown to have high risk on overall assessment, though some has high risk on specific NDPE components.



### Implementation of the EcoVadis Corporate Social Responsibility (CSR) Management System

Since 2018, the Rubber Division voluntarily participated in the industry's annual EcoVadis Survey to ascertain the sustainability of FGV's rubber products. The system helps companies evaluate and monitor how they are performing across four (4) main themes: Environment, Labour Practices & Human Rights, Ethics and Sustainable Procurement. We also participate in annual bio-audits conducted by the global natural rubber industry. This audit involves an assessment of rubber production processes and product quality, as well as a sustainability audit.

Conducting annual assessments has helped us identify gaps and potential opportunities across our operations to improve performance and reduce costs, besides ensuring we remain compliant with legal requirements.



## SUSTAINABILITY MATTER: SUSTAINABILITY CERTIFICATIONS

### RSPO Certification

FGV strives to strengthen its sustainability credentials through the Roundtable on Sustainable Palm Oil (RSPO) certification as well as the International Sustainability and Carbon Certification (ISCC).

RSPO is the most widely recognised global standard for oil palm sustainability. It adopts a holistic approach and certification is based on audits that measure the negative impacts of oil palm cultivation, oil processing and product manufacture on a variety of economic, environmental and social indicators.

With an awakened marketplace for environmentally and socially responsible products, the demand for sustainable palm oil is on the rise. Growers, refiners and product manufacturers, in the meantime are also being incentivised by the higher profit margins of sustainable palm oil.

RSPO certification began in 2008 and is a voluntary initiative. FGV volunteered for RSPO certification, and is one of the earliest plantations companies in the world to obtain the RSPO certification in 2010. Since then, we have in place a Time-Bound Plan that aims for all our 68 mill complexes to be certified by 2022.

Following the RSPO Complaints Panel (CP)'s directives of 13 January 2020 – which resuspended the RSPO certification for FGV's Seriting Complex and suspended FGV's ongoing RSPO certification processes – FGV remained steadfast in its efforts to continue implementing its action plan to address the CP's directives.

The verification audit by RSPO that was initially scheduled for June 2020 was delayed due to the COVID-19 pandemic and the Movement Control Order (MCO) imposed by the Malaysian Government. The verification audit eventually commenced with a desktop review in November 2020. Bureau Veritas Certification (BVC) has been appointed by the RSPO as the independent certification body to conduct the verification audit. Site audits at six (6) of FGV's complexes - four (4) in Peninsular Malaysia and two (2) in Sabah - have been included as part of the verification exercise. The verification audit is expected to be completed by April 2021. The findings of the verification audit will inform the RSPO CP's decision on the lifting of the certification suspension. FGV has addressed the CP's directives to the best of its ability and FGV is committed to ensuring continuous compliance to all relevant standards as a responsible and sustainable business. When the suspension is lifted, FGV will proceed with the certification of the remaining mills.

As at end 2020, a total of 33 FGV complexes had obtained the RSPO certification. This translated to 454,918 MT of Certified Sustainable Palm Oil (CSPO) and 112,398 MT of Certified Sustainable Palm Kernel. In view of the suspension of the RSPO certification, we were unable to renew the certification of our RSPO Palm Trace product that had expired. This affected the trading of this sustainable product. FGV is in the process of discussing with respective certification bodies to extend the validity of Palm Trace certification on a monthly and quarterly basis so that this certified product can be traded.

In 2021, we will be reviewing the existing RSPO Time-Bound Plan together with relevant stakeholders. The review will also deliberate on the RSPO certification of FFB suppliers, especially large plantations.



### RSPO Suspension

In 2018, the RSPO Complaints Panel suspended the Seriting Palm Oil Mill Complex in Nilai, Negeri Sembilan citing gaps in our labour practices. In response, FGV in consultation with the RSPO developed an action plan to address the concerns raised and numerous actions were implemented. Three quarterly reports were submitted to the RSPO in March, June and September 2019. FGV also made public its action plan. These measures led to the reinstatement of the RSPO certification of the Seriting Complex in August 2019.

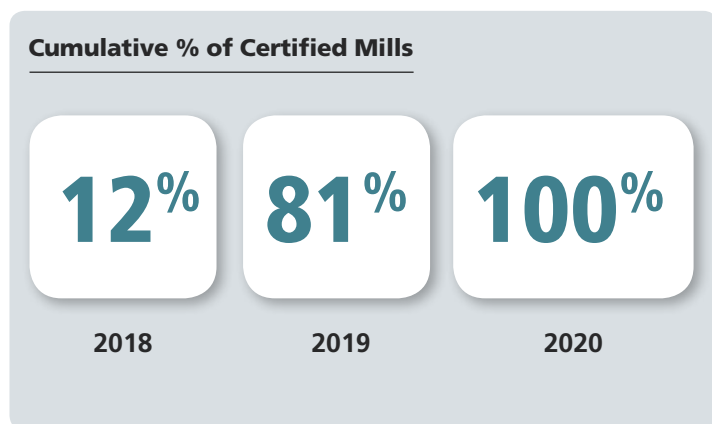
However, in January 2020, the Complaints Panel decided to re-suspend the certification of the Seriting Complex based on the verification audit in October 2019 that highlighted, among others, the situation relating to the regularisation of workers in Sabah. It also suspended the certification of other unaudited mills.

Following this directive, FGV has addressed the concerns raised and another verification audit commenced in November 2020 and is expected to conclude in April 2021.



## Sustainability Matters

### MSPO Certification Status of FGV Mills



### MSPO CERTIFICATION

The Malaysian Sustainable Palm Oil (MSPO) is a certification scheme for Malaysian palm oil plantations, independent and organised smallholders as well as other palm oil processing facilities. It is regarded as a more viable route for Malaysian smallholders to participate in a certification scheme that abides by internationally recognised sustainability principles.

In 2017, the Government announced that MSPO is mandatory from 2020 onwards. By February 2020, all FGV's 68 mills and 189 estates were MSPO certified.

To ensure the high standards of our supply chain, FGV is engaging with smallholders to improve their agricultural practices. This will help them in the MSPO Certification and enable FGV to achieve 100% traceability to plantations of the smallholders supplying FFB to FGV.

### SUSTAINABILITY MATTER: BUSINESS DEVELOPMENT & PRODUCT QUALITY

As a responsible and sustainable business, FGV prioritises continuous business development as part of value creation while adhering to high standards of product quality to gain consumer acceptance and brand equity.

At FGV, the business development and product quality driven by the Group's Plantation and Sugar Businesses is being expanded to other agricultural products as the Group moves towards establishing itself as a global agribusiness player in the near future.

In 2020, the Group's business development and product quality functions continued to remain under the purview of FGV's Plantation business.

FGV's business development and quality assurance activities are focused on enlarging our market share and ensuring our products gain customer acceptance as well as comply with the regulatory requirements of their respective markets.

To enlarge our business footprint, FGV appoints regional distributors in existing and new markets. Prior to their appointment, we evaluate the distributor's financial and ethical standing and their distribution capabilities in terms of reach and competencies. We explore the prospects for new products produced by FGV subsidiaries or sourced from OEM suppliers. FGV also evaluates the market size and potential, product fit and consumer acceptance, and the performance of distributors.

Since FGV specialises in food products, it upholds strict standards of hygiene across the entire manufacturing spectrum. This is affirmed by its food safety and quality certifications that include:

- Food Safety System Certification 22000 (FSSC) – food safety certificate
- ISO 9001:2015 – quality management certificate
- HALAL – Halal Management System certificate

In 2020, FGV moved forward with e-Commerce as an alternative sales and marketing platform with launch of Kedai FGV and GOGOPASAR.

As part of continuous improvements to product quality, FGV has in place a customer and consumer complaints and feedback management system.





### Consumer Products Portfolio

Our consumer products portfolio guarantees the continuous uptake of CPO for palm-based downstream activities, which include the conversion of CPO and Palm Kernel (PK) into value added products such as oleochemicals, biodiesel, oils, fats and FMCG.

Our flagship household brand SAJI leads the domestic refined cooking oil segment with a marketshare of 40%, while our SERI PELANGI margarine has a market share of 42%.

FGV's specialty fats and FMCG product lines continue to grow with our range of instant noodles, mayo, creamers, sauces, vanaspati, and many others, which are amongst the preferred choice for millions of households in Malaysia.

Through our strategic joint venture with Procter & Gamble in Malaysia, we aim to optimise our oleochemicals business with strong research and development initiatives.

In spite of the COVID-19 movement restrictions that hampered efforts to build customer relationships and test new products, FGV successfully launched three (3) new consumer products; SAJI Coconut Milk, Rice, and Sugar plus three (3) new industrial products; PREMEO Frying Oil, Animal Fat Replacer, and Dairy Fat Replacer.



### Future Priorities

Moving forward, we plan to build our network of local and international distributors to strengthen existing markets and penetrate new ones. At the same time, we will intensify our product enhancement and improvement activities in anticipation of demand for targeted products and markets.

Currently, many of our products are kept in the FGV warehouse in Shah Alam prior to distribution. To help reduce FGV's carbon footprint, we are exploring direct transportation of products from factories to distributors who will serve as catchment areas in their neighbourhood.

## SUSTAINABILITY MATTER: GOVERNANCE, ETHICS AND INTEGRITY

FGV has strengthened its governance, ethics and integrity performance that has been the key driver of FGV's business transformation.

Over the years, FGV has been relentless in its goal to instill a culture of integrity across the organisation. This responsibility has been entrusted to the Group Governance and Risk Management (GGRM) Division. GGRM has established a robust governance and integrity framework and instituted several measures to lift the standards of governance and promote ethical behaviour across the Group.

Since obtaining the ISO 37001:2006 Anti-Bribery Management System certification in December 2019, FGV has been running awareness programmes on the organisation's zero tolerance for any form of corruption or abuse of power. FGV has since strengthened the whistleblowing mechanism, and in 2020, published the FGV Anti-Corruption Action Plan (FGVACP) that is developed in accordance to the National Anti-Corruption Plan and the newly introduced Section 17A Corporate Liability provision of Malaysian Anti-Corruption Commission (MACC) Act 2009.

In addition, over 90% of FGV employees completed the Online Integrity Pledge that was introduced in 2020.

FGV has also been implementing various governance and integrity programmes across its operations. To ensure their effectiveness, we have appointed governance champions in subsidiaries and departments. Governance champions are responsible for making sure programmes planned at Group level are implemented, monitored and reviewed at their respective workplaces.

As governance champions, their performance will be evaluated as part of the Integrity KPI, which is part of their annual staff evaluation process. This is expected to incentivise them to take this role seriously, in addition to their scope of work at their respective departments.

In 2020, to ensure business continuity and mitigate business risks posed by the COVID-19 pandemic, FGV formed a COVID-19 Task Force chaired by the Group Chief Executive Office. Further details of this COVID-19 Task Force are disclosed in Section 5 of this report.



## Sustainability Matters

### Key Governance and Integrity Initiatives





During the year, a total of 10 strategic initiatives were implemented to make integrity a fundamental value of the FGV workplace.

<b>01</b> <b>Internal Customer Satisfaction Survey</b> Prior to the formulation of the FGVACP, the Group conducted an Internal Customer Satisfaction Survey. It attracted 215 responses, which were analysed and critical issues incorporated into the FGVACP.	<b>02</b> <b>Enhancement of Integrity Awareness Modules</b> Integrity Awareness Modules were enhanced to make it more interactive. The Modules included new topics such as the MACC Act 2009 Section 17A for Corporate Liability.	<b>03</b> <b>Enhancement of Corporate Governance and Business Integrity Blueprint</b> The Corporate Governance and Business Integrity Blueprint 2015-2019 was enhanced to be incorporated FGVACP 2020-2023, in compliance with the National Anti-Corruption Plan.	<b>04</b> <b>Communication on Governance and Integrity</b> GGRM collaborated with Group Strategic Communications to develop and implement the 2020 Communication Plan on the topic pertaining to Governance and Integrity.	<b>05</b> <b>Online Integrity Pledge</b> The launch of the online version for the FGV Integrity Pledge that saw over 90% take their pledge in 2020.
<b>06</b> <b>Identification of new corruption risks and review of current risks</b> Corruption Risk Management was extended to FGV Travel; it reviewed 25 existing corruption risks	<b>07</b> <b>Extension of ABMS Scope</b> The scope of the ABMS was extended to include FGV Travel, PUP/APL. However, due to the MCO, training and facilitation was restricted to employees at the Felda Travel and PUP/APL Headquarters.	<b>08</b> <b>Governance and Integrity Training and Awareness</b> An enhanced module of Governance and Integrity Training and Awareness was conducted at 62 sites across the Group. The training sessions were both physical and virtual.	<b>09</b> <b>Online Integrity Talk</b> A talk entitled Tumbuk Rusuk: Dari Norma Baharu kepada Norma Biasa was attended by 200 FGV employees.	<b>10</b> <b>Anti-Bribery Internal Audit (ABIA)</b> The ABIA audit was to be conducted at 68 FGV sites. However, due the Covid-19 movement restrictions GGRM could cover only 30% of the planned number of sites.

### Corporate Liability under Section 17A of the MACC Act 2009

On 5 April 2018, the new Section 17A of the MACC Act 2009 that was passed introduces corporate liability of commercial organisations in Malaysia. The introduction of Section 17A of the MACC Act 2009, which took effect on 1 June 2020, enables commercial organisations and associated persons to be subjected to legal proceedings should the person associated with the commercial organisations commits a corrupt offence.

In preparation for the enforcement of the Section 17A of the MACC Act 2009, FGV implemented several initiatives to further improve its compliance with the Act. They were:

<b>Review of Policies and SOPs</b>  To strengthen the implementation of ISO 37001: 2006 Anti-Bribery Management System (ABMS) through policy reviews and SOP. A total of 73 Policies and 133 SOPs were reviewed in 2020.	<b>Training and Communication</b>  To increase the awareness of FGV staff on the existence and effects of violations of the Section 17A of the MACC Act 2009 through extensive training and communication.	<b>Compliance of Guidelines for Adequate Procedure</b>  FGV sought to better understand and fully implement the requirements as stated in the Guidelines for Adequate Procedure.	<b>Internal Survey</b>  Group Internal Audit (GIA) conducted an internal survey on FGV's preparedness for Section 17A of the MACC Act 2009. The survey provided information pertaining to FGV's level of compliance and determined areas where improvements needed to be implemented.
---	---	--	--



For more information on FGV's Governance, Ethics and Integrity, please refer to Section 5 of this report.



## SUSTAINABILITY MATTER: DATA SECURITY AND PROTECTION

Data security and protection have become critical for businesses given the digitalisation of the workplace. Being a large scale company, with a large land bank and workforce, overseas operations and international customer base, data security and protection are vital.

As the business becomes more diverse and complex, and especially with the expansion into e-Commerce, FGV needs to be more vigilant about protecting its own data as well as its partners, suppliers, customers and other stakeholders.

In FGV, data security and protection are governed by various policies.

### 2020 Key Initiatives

#### 1. Security Gap Analysis Study

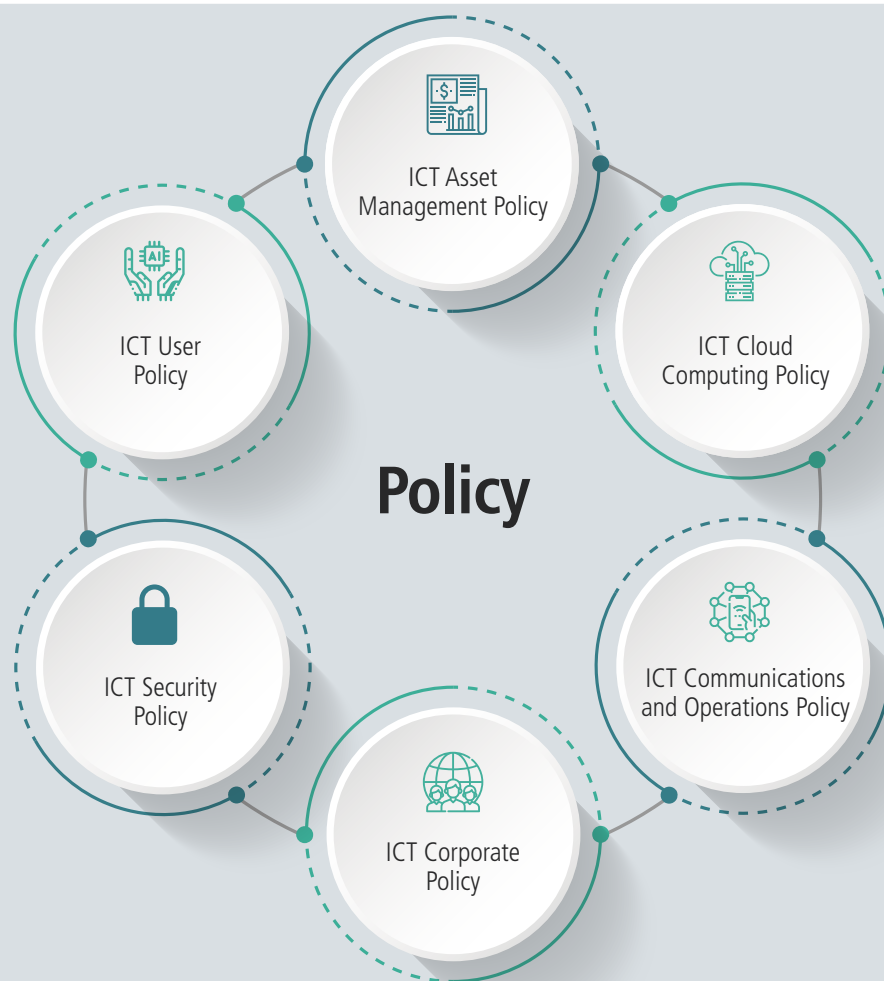
FGV concluded a security gap analysis of its digital environment to identify its strengths and weaknesses and prepared an improvement action plan for implementation to ensure that data protection is properly secured.

#### 2. Security Penetration Testing

In 2020, FGV addressed security vulnerabilities in the Group IT infrastructure and applications. We have achieved a satisfactory result in term of performance in this regard.

#### 3. E-mail Spam Filtering

The Division also enhanced the filtering of e-mail spam, especially during the COVID-19 pandemic. We succeeded in filtering more than 99% of e-mail spam.





Sustainability Matters



# #2 Respecting Human Rights

At FGV, we believe respecting human rights is the right thing to do. We commit to upholding internationally-recognised human rights principles and standards in our operations and subsidiaries and we are taking steps towards ensuring that human rights are also respected throughout our supply chain. Acknowledging that human rights and the SDGs are two sides of the same coin, we will not spare any effort in fulfilling our responsibility in this regard.

In addition, we recognise the responsibility for respecting the rights of our smallholders, customers and communities where we operate.



Upholding Labour Standards



Employee Engagement



Talent management



Occupational Health and Safety



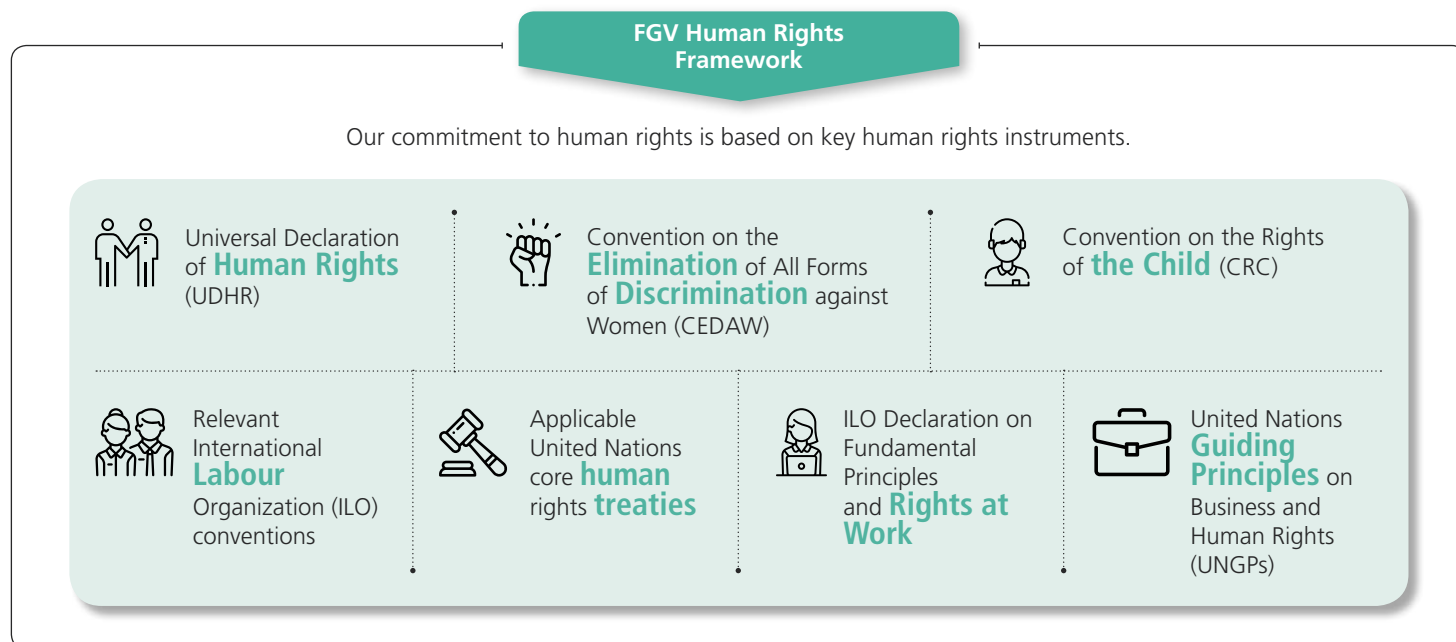
## SUSTAINABILITY MATTER: UPHOLDING LABOUR STANDARDS

At FGV, we recognise that respecting human rights is a continuous endeavor. As part of our dedication to upholding a sustainable and socially equitable palm oil industry, we are committed to ensuring that our operations are free from any form of exploitation, forced and bonded labour, human trafficking, slavery and child labour.

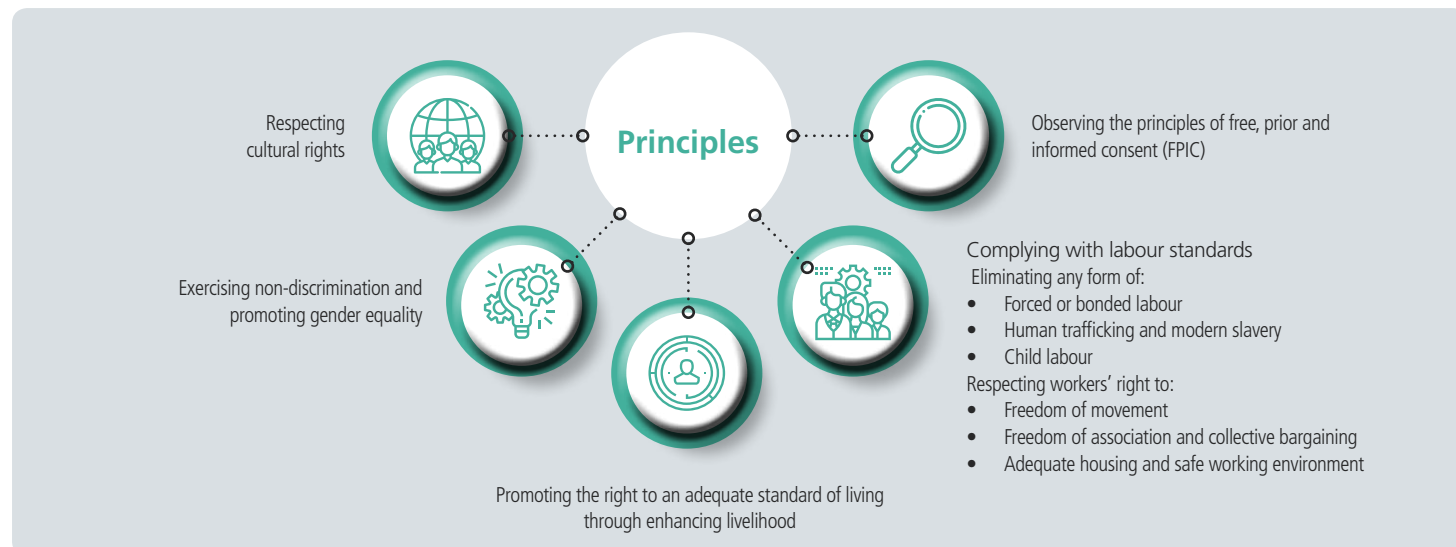
Due to our large global footprint and complex supply chain, we have encountered gaps in the implementation of our human rights commitments. Nonetheless, our reach and scale provide us with opportunities to work collaboratively with industry players to drive change in the industry.

Our concerted efforts are guided by international human rights instruments including the Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights (UNGPs), local regulatory requirements as well as the requirements of the MSPO and RSPO certification.

Our Group Sustainability Policy (GSP), Group Human Capital policies and SCOC reaffirm our commitment to upholding human rights.



Recognising that all human rights are interdependent, interrelated and indivisible, FGV embraces the following principles:





## Sustainability Matters

### AFFILIATION TO THE FAIR LABOR ASSOCIATION (FLA)

As part of FGV's commitment to uphold labour standards, we became a participating company of the Fair Labor Association (FLA) in October 2019. FGV is currently implementing a long-term and comprehensive Five-Year Labour Rights Action Plan under its affiliation to the FLA that comprises a number of initiatives to further strengthen various aspects of our labour practices such as our recruitment process human rights training programmes, working and living conditions, as well as grievance mechanisms, among others. This action plan was adopted and published on 31 March 2020 in consultation with the FLA and with various other stakeholders including civil society organisations.

Working with FLA, FGV is also enhancing its labour standard compliance monitoring mechanism. A workshop was conducted in November, where gaps in FGV's internal monitoring were identified. FLA has made several recommendations to strengthen the current system which FGV is committed to implement.

FGV's GSP demonstrates the Group's commitment against child labour. FGV is strengthening its procedures and mechanisms to protect child rights whilst ensuring that they have access to a proper education.

Despite the unprecedented challenges posed by the COVID-19 pandemic, FGV remained committed to realigning its priorities and implementing the action plan to ensure business resiliency.

Achieving the objectives of our affiliation to the FLA is a top priority for FGV, as we reaffirm our commitment to responsible and sustainable business practices, as well as to respecting human rights and upholding labour standards. FGV's affiliation to the FLA is subject to a rigorous validation exercise and public reporting. FLA's report on FGV's progress on the implementation of the action plan is published on FLA's website.



### FGV-FLA ACTION PLAN TO ENHANCE LABOUR PRACTICES

The FGV-FLA Action Plan seeks to align FGV's practices with the FLA's Principles of Fair Labor and Responsible Sourcing for Companies with Agricultural Supply Chains. These principles are based on international human rights standards and instruments including the International Bill of Human Rights as well as the International Labour Organisation (ILO) standards, particularly the ILO Declaration on Fundamental Principles and Rights at Work. The principles also uphold and promote the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD-FAO Guidance for Responsible Agricultural Supply Chains.

Under this plan, FGV affirms its commitment to:

- prevent forced labour and child labour
- strengthen responsible recruitment and management of migrant workers
- strengthen grievance mechanisms
- improve monitoring systems and remediation
- enhance stakeholder engagement
- promote gender equality and women empowerment
- provide training on compliances with international human rights and labour standards
- review FGV's labour related policies

### OUR EMPLOYEES

At FGV, we value our employees as the backbone to our growth and development. We seek to embed the culture of respecting one another in the organisation to inculcate a sense of belonging to create a harmonious work environment for our employees and workers.

In 2020, FGV has 15,660 employees working in different capacities at the Corporate Centre and subsidiaries. In addition, we employ 31,837 workers in our plantation, and they are made up of 14% Malaysians and 86% migrant workers from Indonesia, Bangladesh and India.

As a responsible employer, FGV upholds the principles of fair labour and non-discrimination and is committed to equality, talent development and employee welfare.

### FAIR & EQUAL RECRUITMENT & HIRING PROCESS

During the year, our hiring process was adjusted due to the COVID-19 pandemic that saw increased in online activities to limit the health risks to both the recruiter and candidates. Job applications were submitted in soft copy and online interviews were held. Reporting for duty was a digital interaction with the direct report, on-boarding sessions were also held virtually.

Online recruitment was more efficient and cost effective, as it was conducted remotely without either party having to leave their respective work spaces. As a multinational organisation, FGV embraces diversity. We are committed to providing equal opportunity in recruitment and career growth regardless of race, culture, age and gender. In 2020, FGV hired 723 new employees.

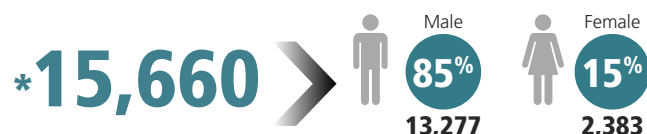


Our Workforce Profile FY 2020 is presented below.

## FGV'S WORKFORCE PROFILE



### TOTAL EMPLOYEES



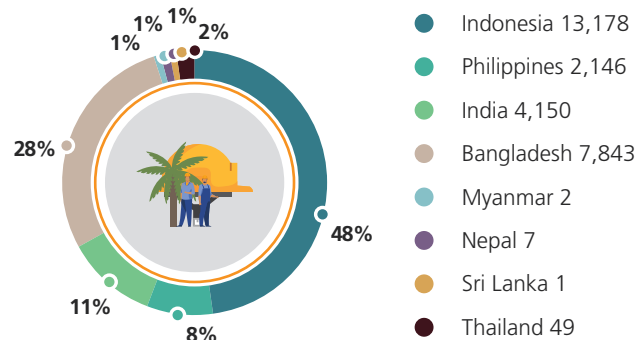
### AGE GROUP (%)



Note

\* In FGV, workers refers to those employed in the plantations and is largely made up of migrant workers. All data is excluding MSM, overseas companies and companies under Integrated Farming.

### MIGRANT WORKERS STATISTICS

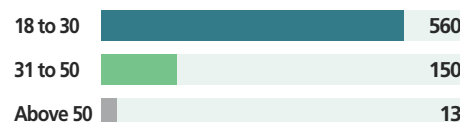


### NEW EMPLOYEE HIRES

Total No. of new hires

**723**

No. of new employee hires by age group



Male **3.87%** 606

Female **0.75%** 117

### TURNOVER RATE

Total No. of employee turnover

**576\***

No. of employee turnover by age group



No. of employee turnover by gender

Male **3.12%** 489

Female **0.56%** 87

Note

\* Refers to resignation only

## ESTABLISHMENT OF FGV'S COMMITTEE ON GENDER EQUALITY AND WOMEN EMPOWERMENT

In February 2021, FGV established a Committee on Gender Equality and Women Empowerment to advance the gender equality and women empowerment agenda for all women under FGV's duty of care, comprising employees at all levels including migrant workers and relevant community members. FGV is committed to integrating a gender perspective to fulfil the Group's responsibility in respecting human rights.

The Committee will assist the Group in promoting full respect and support for the rights of women in the workplace on the basis of equality and non-discrimination.

The Committee will be guided by international human rights standards and principles, including the Universal Declaration of Human Rights (UDHR), the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Convention on the Rights of the Child (CRC), the Convention on the Rights of Persons with Disabilities (CRPD), the Sustainable Development Goals (SDGs), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Gender Guidance for the UNGPs, as well as the relevant International Labour Organisation's (ILO) conventions, among others.



## Sustainability Matters

### GENDER DIVERSITY AND EQUALITY

Employee distribution by gender, age group, and ethnic group according to position in 2020

	Senior Management	Middle Management	Executive	Non-Executive	Total
<b>Gender</b>					
Male	42	672	1,402	11,161	13,277
Female	7	133	637	1,606	2,383
<b>Age Group</b>					
18 to 30	0	1	387	2,503	2,891
31 to 50	19	554	1,290	7,472	9,335
Above 50	30	250	362	2,792	3,434
<b>Ethnicity</b>					
Bumiputera	43	702	1,794	11,121	13,660
Chinese	3	23	21	38	85
Indian	0	15	17	35	67
Others	2	12	38	264	316
Sabahan	1	49	143	1,177	1,370
Sarawakian	0	4	26	132	162

### MIGRANT WORKERS MANAGEMENT

FGV is an employer of more than 31,837 workers, made up 14% local employees and 86% migrant workers from Indonesia, Bangladesh and India, predominantly working in the plantation business.

Migrant workers management is subject to continuous improvements, and since 2019, we have established a systematic approach to ensure they are treated with respect and meet all our obligations as a responsible employer.







### Withhold Release Order Issued by the US Customs and Border Protection

In September 2020, the US Customs and Border Protection (CBP) issued a Withhold Release Order (WRO) on palm oil and palm oil products made by FGV, its subsidiaries and joint ventures based on information that reasonably indicates the use of forced labour.

FGV is committed to taking all necessary steps and measures towards the revocation of the WRO. FGV has communicated with the CBP via a conference call to seek clarification on the allegations of forced labour in FGV's plantations. The CBP, however, did not reveal any information about its findings except that its research had identified 11 International Labour Organisation (ILO) indicators of forced labour in FGV's practices. The CBP did not disclose any further information about the nature or locations or any incidence linked to such indicators.

Therefore, FGV has decided to take a systematic approach in ensuring that the rights of its workers are respected and protected.

In the meantime, the FGV Board of Directors formed a Foreign Workers Working Committee headed by the Chairman. The Working Committee is tasked to ensure that best labour practices are observed in accordance with international labour regulations across all business operations in the Group. This project involves upgrading of existing housing, new housing and providing better access to healthcare, education and essential supplies.

## ETHICAL AND RESPONSIBLE RECRUITMENT OF WORKERS

Recognising the vulnerability of migrant workers during the recruitment process, we have taken steps to protect the rights of our migrant workers through the adoption of the *Guidelines and Procedures for the Responsible Recruitment of Foreign Workers* in 2019.

Under the Guidelines, FGV is committed to paying official costs associated with the recruitment of migrant workers, which include airfare and costs for work permits, visas, medical check-up and insurance. FGV has also revised its contract with recruitment agencies to require them to ensure that no fees are charged to the workers.

FGV is currently reviewing the *Guidelines* as part of its ongoing efforts to align FGV's policies with international standards and best practices.

Effective 2020, FGV recruits migrant workers mainly from India and Indonesia through legal channels and processes recognised and approved by the authorities of Malaysia and the source countries. During the reporting year, FGV had 13,178 Indonesian workers and 4,150 Indian workers, who collectively form the majority of FGV's plantation workforce. All these workers were employed directly by FGV.

We keep close watch for indicators of forced labour. We monitor through on-going engagements with our workers, agents as well as our established grievance mechanisms that help us respond to risks of forced labour in our operation and supply chain.





## Sustainability Matters

### Revised contracts with recruitment agencies

FGV has amended its contracts with recruitment agencies to ensure that migrant workers are not charged fees covered by FGV, throughout the recruitment process to minimise the risk of debt bondage.



### Development of a Communication Pack

FGV has developed a Communication Pack to guide migrant workers so that they understand better the content of their employment contracts which have been translated into their native languages.



### Revised and translated employment contracts

FGV has reviewed its employment contracts with migrant workers to address the concerns raised by RSPO's Complaints Panel. Our revised employment contracts have been translated into five (5) languages: English, Indonesian, Bengali, Tamil and Hindi.



### One-stop centers for recruitment

FGV has established one-stop Centres where workers undergo orientation programmes, briefing and training. These are in Gemencheh, Negeri Sembilan and Lombok, Indonesia as well as in Chennai and Kolkata in India. The Group is exploring the possibility of setting up centres in other labour-source countries.



## REGULARISATION OF WORKERS

We continue to be challenged with cross border policy gaps and the deep-rooted socio-economic drivers of migration that have a bearing on our operations, specifically in Sabah. The context in Sabah is highly complex and is a result of a multiplicity of contributing factors. In keeping with our commitment to phase out engaging contractors, FGV invited workers from contractors to join our workforce in 2019. This is followed by facilitating the application for regularisation of the workers and covering the fees involved in the regularisation process. The regularisation exercise is an initiative introduced by the Sabah State Government and the power to regularise workers lies solely in the hands of the relevant authorities. While FGV has done its part to register 6,158 workers under this programme, the regularisation exercise has been put on hold since September 2020. FGV will continue to engage with the authorities with a view to seeing through the resolution of the matter.

### Our regularisation exercise in FY2020

6,158

Number of applications submitted

5,211

Number of workers issued passports by the Indonesian or the Philippine authorities

3,458

Number of workers who have submitted applications for biometric verification

1,044

Number of workers who completed the process and pending issuance of work permits

965

Number of workers who received work permits



In addition to that, FGV established strategic partnerships with external organisations to support improvements to our labour practices.

#### Human rights training



- FGV collaborates with Tenaganita, a Malaysian non-governmental organisation (NGO) to develop training modules and conduct training for our migrant workers. The training will cover topics such as human rights and labour standards, and is scheduled for the first quarter of 2021. These sessions are expected to raise awareness among migrant workers on forced labour and human trafficking. They will also be sections to refresh and reinforce their understanding of the terms of their employment as well as their rights, entitlements, benefits and responsibilities, and how to access the grievance mechanism.

#### Human rights and safety awareness-raising campaign



FGV collaborates with Procter & Gamble Chemicals (PGC) to develop training materials on human rights and safety. The materials are targeted in different levels of employees in FGV. The project gives much emphasis to producing interesting and interactive training materials that connect with participants, and achieve the following goals:

- To promote awareness and understanding among FGV employees on the fundamental principles of human rights, the corporate responsibility to respect human rights and workers' rights.
- To promote awareness on the importance of PPE to be used by workers at operational level and at the corporate head office

#### Labour Supply Chain and Migrant Workers Vulnerability Assessment project, a collaboration with International Organization for Migration (IOM) and Earthworm Foundation (EF)



- The scope of this collaborative project includes reviewing the process of recruitment of migrant workers and to upgrade FGV's internal processes and procedures in line with international standards. On 3 September 2020, FGV received a report from IOM and EF on the outcomes and recommendations from the labour supply mapping exercise. FGV started implementing the recommendations of this report in 2020.

#### Partnership with the Human Rights Commission of Malaysia



- FGV is collaborating with the Human Rights Commission of Malaysia (SUHAKAM) to assess the working and living conditions of FGV's workers. In December 2020, SUHAKAM conducted a site visit to assist FGV identify and address gaps in the working and living conditions of migrant workers.

## WORKER WELFARE IMPROVEMENTS

As a responsible employer, FGV places great importance in fulfilling its workers' right to adequate housing. Over the past three (3) years, FGV has invested approximately RM350 million to upgrade worker housing by constructing new housing and facilities in our plantations in Malaysia.

This effort is also in line with the Government's newly introduced regulations on minimum standards for worker housing to address cramped and congested living conditions that were cited as the cause of high number of COVID-19 cases among migrant workers.

We had completed upgrading/constructing 387 out of 435 blocks of workers' housing as listed below:

#### Peninsular Malaysia

completed **87** blocks of the **126** blocks planned

#### Sabah

completed **293** of the **302** blocks planned

#### Sarawak

completed **7** blocks of accommodation in 2020



## Sustainability Matters



### FGV e-wallet

FGV has pioneered the implementation of the electronic wallet (e-wallet), a cashless payroll system for its plantation workers. The e-wallet system empowers workers to manage their finances more efficiently. It was successfully rolled out in February 2020 for 1,500 registered users in 11 estates in Gua Musang, Kelantan.

FGV aims to implement the e-wallet system throughout its plantations in Malaysia by the first quarter of 2021.



### Safety Boxes for Passports

FGV has installed 32,250 safety boxes at all our plantations as an option for migrant workers to keep their passports safely.

## FAIR WAGES

In accordance with our commitment to provide fair and decent work, FGV observes the minimum wage regulation of the countries where we operate.

### Future Priorities

As part of the FGV Action Plan 2020, FGV will continue focusing on strengthening its monitoring mechanism for labour, social/human rights compliances. In November 2020, FLA conducted a workshop to discuss and gather information on this subject. Subsequently, FLA has made several recommendations for FGV's labour compliance monitoring mechanism, which is to be implemented in 2021.

## SUSTAINABILITY MATTER: EMPLOYEE ENGAGEMENT

At FGV, we believe that a highly engaged workforce will increase productivity and ensure employee satisfaction, thus contributing to the sustainable growth of FGV in the long term. During the year, we rolled out several initiatives to gather employees' feedback and increase employee engagement.

### Workplace Communications (WPC) Framework Initiatives

In 2020, FGV implemented the WPC Framework on 15 August 2020. WPC focus areas are to improve employee engagement, communication and wellness.

A variety of initiatives were implemented to improve employee engagement in FGV. They included:

- Group-wide Knowledge Sharing Sessions were held as an avenue for employees to speak up and share knowledge. These sessions also sought to create a workplace that is empathetic and prepares employees to meet new challenges and actively supports life-long learning. The sessions were planned to be held at each worksite every month, for 45 minutes (30 minutes of sharing and 15 minutes for Q&A). However due to the COVID-19 pandemic, the frequency of these sessions were left to the discretion of the leadership of each of these work sites.

- Roundtable sessions were held for employees to express their views/suggestions openly on Division/Company improvements i.e. workplace issues, company direction/decisions, working environment. Each workplace was to hold at least one session every month, according to position, such as manager roundtable, executive roundtable or non-executives roundtable. At each level, at least three (3) to four (4) roundtable sessions are to be conducted within a year. Each roundtable session is to be chaired by Head of Division/CEOs or the Head for the workplace. All issues highlighted during these sessions are to be resolved within 60 days. Unresolved matters are to be referred to the top management.

For 2020, a total of 259 sessions were planned but due to the COVID-19 restrictions, only 192 sessions were held.

- PRIDE Awareness campaign was launched online via HRDesk email blast, eight (8) videos and seven (7) posters being launched. The launch took place on 24 June 2020, and the campaign was scheduled to run from June to December 2020. The goal of the campaign was to instill employee awareness as well as to guide and inspire employees on PRIDE values.



## Kelab Sukan Kumpulan FGV Malaysia

On 4 February 2020, FGV formed the Kelab Sukan Kumpulan FGV Malaysia (KSFGV) to strengthen employee inter-relationships and align all sports/social/recreational activities. Since its formation, the Club has undertaken a membership recruitment drive that resulted in the registration of 5,401 employees as members. The club will continue the membership drive in 2021.

## VOICE OF OUR WORKERS

Our workers are important to us, and we are fully committed towards ensuring that their rights are respected and fulfilled. Under FGV's revised GSP, we have strengthened the provision on the right to freedom of association, and we will be conducting more awareness-raising programmes for our workers including migrant workers on this focus area.

FGV Group Human Capital Division oversees their needs by engaging with union representatives regularly. The unions are important platform to channel management decision and gather feedback on worker sentiments and grievances.

At FGV, there are in-house and national unions to represent employees at different segments in the Group. We meet each union twice a year, and more frequently, when there are matters arising that need urgent resolution.

In 2020, apart from our regular meetings, we conducted seven (7) meetings with unions to discuss matters related to the welfare of the members and other current issues.

## GRIEVANCE & WHISTLEBLOWING MECHANISMS

The welfare of the employees is of great importance to FGV and we view any concerns they may face seriously. In relation to this, we have established grievance platforms to enable workers to voice their concerns or submit complaints and grievances.

FGV has established a mechanism to address grievances that may be submitted by our workers through the following channels:



Complaint boxes



Grievance or complaint books



Approaching their appointed representatives



Grievance hotline

The Group also has a whistleblowing mechanism for employees and external stakeholders to report abuses of power, corruption and unethical behaviour as well as any violation of human rights or sustainability standards. In 2020, we made further improvements to the processes involved to safeguard the identity of whistleblowers. This has resulted in more whistleblowers coming forward, an indication that there is more confidence and trust in our mechanism. More information on FGV's Whistleblower Mechanism is found in Section 5 of this report.





## Sustainability Matters

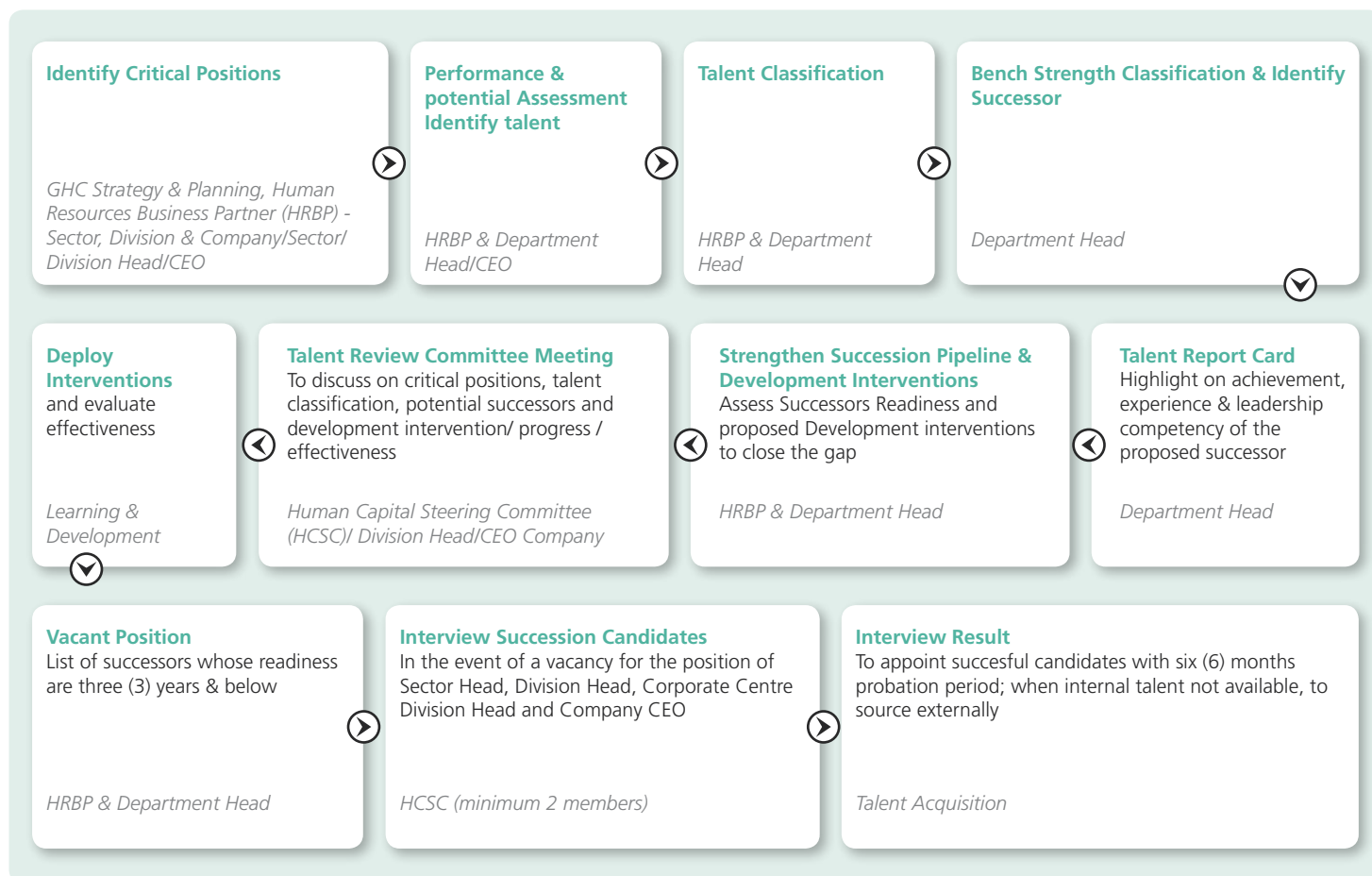
### SUSTAINABILITY MATTER: TALENT MANAGEMENT

Talent management is part of FGV's business strategy to attract and retain the best talent for the Group amid stiff competition in the industry. Besides implementing robust initiatives and programmes within talent management, we are also putting in place a new framework to strengthen our workforce.

Since 2019, FGV has been rolling out a new performance management framework to develop a high-performance culture and intends to integrate the concept of 'competency' into the performance management framework. This is based on the rationale it will contribute towards a higher performance management culture and people management skills focusing on a good mix of both technical and leadership skills to uplift productivity, creativity and innovation in FGV.

#### Talent Management

The Talent Management Framework & Process Flow is presented below:





## KEY EMPLOYEE WELFARE AND BENEFITS

As part of its role as a responsible employer, FGV offers employees with a variety of employee benefits. This is also to assist the Group to attract and retain high performing employees. The key employee benefits, among others are shown in the diagram below:



### Healthcare

coverage for employees and dependents



### Insurance Coverage

- 1) Group Term Life
- 2) Group Personal Accident



### Parental Leave :

#### Maternity Leave

90 days and limited to five pregnancies  
(Malaysian Government requirement: 60 days)

#### Paternity Leave

Three (3) days



### Leave

annual leave, medical leave, prolonged illness leave, paid Hajj leave, compassionate leave, examination leave, and various other forms of leave



### Subsidy and allowances

parking subsidy, living allowance, mobile phone device and usage subsidies, long service award and professional membership fees



### Retirement Provision

in the form of higher employer EPF contributions



### Education Assistance

for employee who wants to pursue higher education or professional qualification



### Taska Wisma FGV

Started in 2019, it is located at the head office in Kuala Lumpur, and can accommodate up to 162 children aged two (2) months to four years.



## Sustainability Matters



### Empowering Our Employees in the times of COVID-19

Prior to the Movement Control Order in March, FGV successfully implemented numerous programmes on Leadership Competencies and Effective Feedback & Coaching. The COVID-19 pandemic hindered face-to-face training, and these courses were conducted in a combination of online and physical sessions.

The primary challenge was the delay in equipping employees with a variety of technical and soft skills. However, we conducted webinars whenever possible.

Moving forward, FGV is exploring proposals for e-learning for all employees. For 2021, we will continue enhancing the Annual Training Plan but the delivery of programmes will depend on Government directives.

### Empowering Employees

FGV continuously invests in learning and development programmes that ensure it has a professional and high performing workforce. Besides empowering employees and providing them with professional growth opportunities, we believe such programmes are vital to retain quality employees who can contribute to the growth and sustainability of the Group.

### Talent Management Initiatives

#### FGV Leadership Competencies and Feedback & Coaching for Managers

This is a new programme specially designed for FGV's Managers, Senior Managers, General Managers and Senior General Managers. The 2-day course was designed to promote the new FGV Leadership Competencies Framework and champion the FGV Feedback & Coaching Culture. It also sets out to develop FGV managers as Leaders of Leaders. In 2020, a total of 1,410 managers were trained by FGV's inhouse trainers.

#### PRIDE Leadership Competencies Workshop

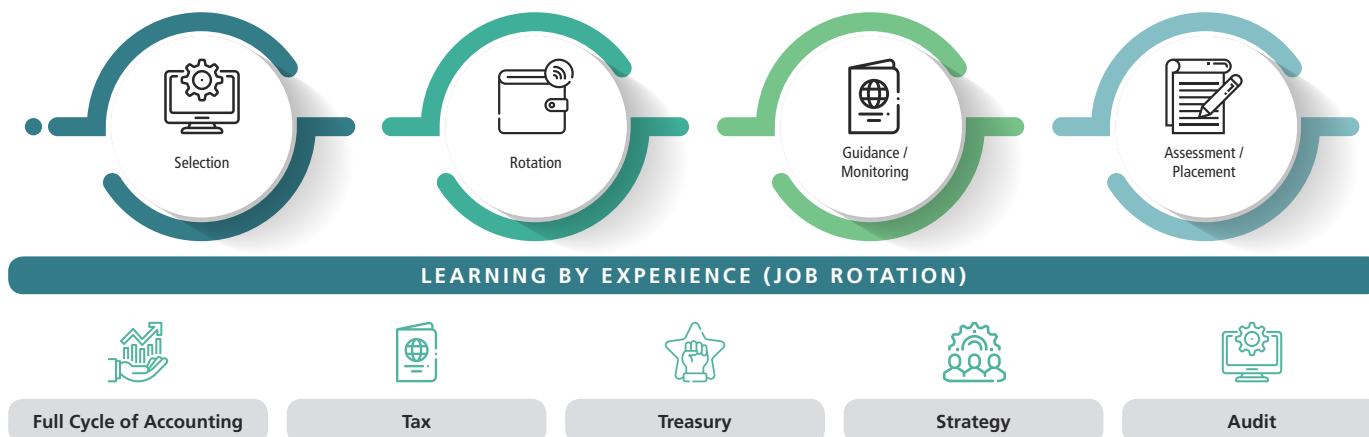
This workshop was designed for Senior Executives and Non-Executives. Its objective is to train participants to be articulate on global changes and business challenges FGV is facing. It also prepares them with leadership competencies required to succeed in challenging times and guides them to develop personal action plans for behavioral changes.

In 2020, a total of 236 employees participated in the workshops that was conducted by FGV's inhouse trainers.

#### FGV Accountant Certification Programme (FGV ACe Programme) – Batch 1

This is a new programme introduced in 2020. It is a work-study professional training programme for employees to prepare them for professional accountancy examinations and become certified chartered accountants. The first batch consisted of nine (9) employees, and who are all fresh graduates.

The diagram below refers to the key stages within the FGV ACE Programme:

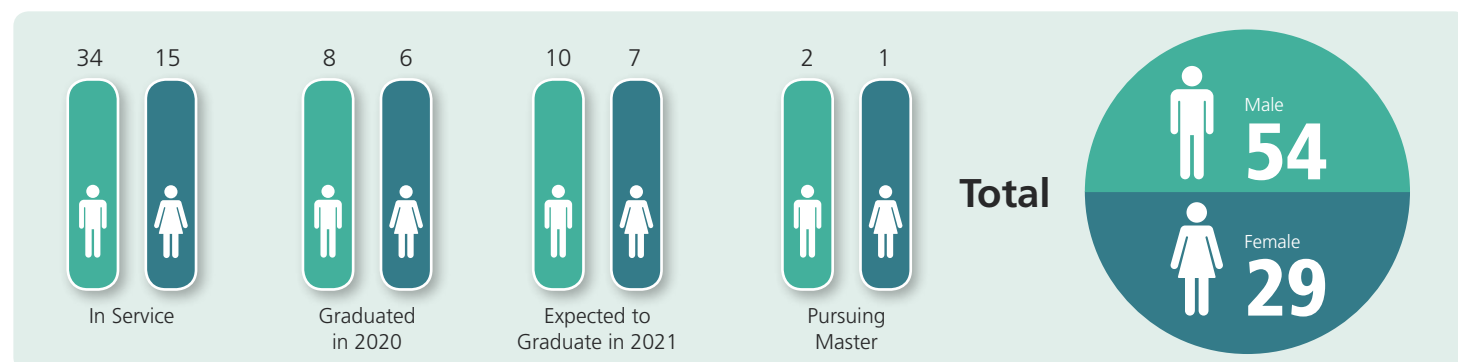




### FGV Scholarship Programme

As at December 2020, there were 83 FGV scholars from universities in Malaysia and abroad. Of this number, 49 completed their studies and are currently employed at FGV. In 2020, a total of 14 scholars graduated and another 17 will graduate in 2021. We also have three (3) scholars pursuing a Master's programme.

FGV Scholarship Programme	Local	Overseas	Total
In Service	22	27	49
Graduated in 2020	11	3	14
Expected to Graduate in 2021	17	-	17
Pursuing Master (Expected to Graduate in 2022 (1) / 2023 (2))	3	-	3
<b>Total</b>	<b>53</b>	<b>30</b>	<b>83</b>



### Young Shaper Programme Batch 1

This is a new programme launched in 2020 to develop FGV's high potential talent pool. The progress of selected participants is closely monitored via score card. The top five (5) participants were awarded full scholarship (with another 10 awarded partial scholarship) by Aimsnet Executive Sdn. Bhd. to pursue MBA programmes.

Eight (8) of the 15 high scorers were redeployed to explore new challenges based on their interest and passion in 2020. We monitor and review the career development paths of participants in Green Group, to ensure they can be groomed to be in the Group's high level talent pool.

### Scholar Development – Mentoring Programme

In 2020, FGV conducted a mentoring programme where senior scholars who are already employees became mentors to 35 new scholars who joined FGV during the year. This programme aims to fast-track the immersion of the recent scholar-staff into the FGV work culture and challenges. At the same time, it is a professional development plan for mentors, to help enhance their people management and leadership skills. It also explores reverse mentoring possibilities, of mutual learning that can result in new insights and embracing of different perspectives to improve performance and productivity.

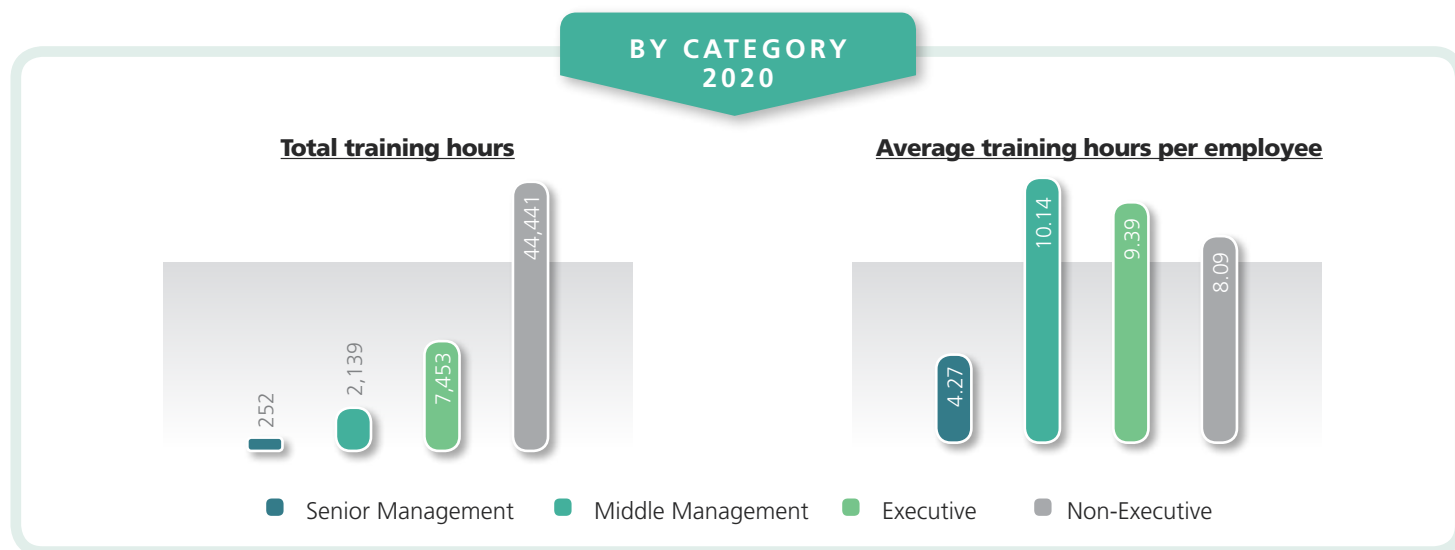
High Score	Green	Yellow	Resign
15	14	3	6
<b>37.5%</b>	<b>35%</b>	<b>7.5%</b>	<b>15%</b>
4.70 & above	4.00 – 4.69	3.00 – 3.99	



## Sustainability Matters

### EMPLOYEE PERFORMANCE

As part of capability development, FGV requires its employees to be trained on job-specific skills sets as well as soft skills. The details of training attended by staff are shown below.



### PERFORMANCE REVIEW

#### BY CATEGORY 2020

	Total No. of employees	No. of employees who received performance reviews	Percentage of employees who received performance review over total number of employees category
Senior Management	49	46	93.88%
Middle Management	805	789	97.89%
Executive	2,039	1,956	95.93%
Non-Executive	12,767	12,459	97.60%

### Future priorities

In addition to continuing our P.R.I.D.E. Leadership Competencies workshop, FGV Accountant Certification Programme (FGV ACe) and Young Shapers Programme, our immediate priorities are to conduct workshops on how to create SMART Goals for FGV's middle to senior management teams. It is aimed to develop high performing managers who are champions in SMART goals applications in their workplace. New training programmes such as the Art of Execution Workshop and FGV Certified Auditor Programme will be conducted in 2021.

Our mid to long term plans include organising the Middle Management Development Programme (MMDP), a series of leadership development learning interventions and courses specially designed for FGV's high performing talents. This programme aims to accelerate selected talents to lead FGV businesses in the future. Additionally, we will organise KAIZEN in HR Management workshops, which are designed to identify and evaluate potential improvement areas.



FGV is exploring the establishment of a digital learning & management system to:

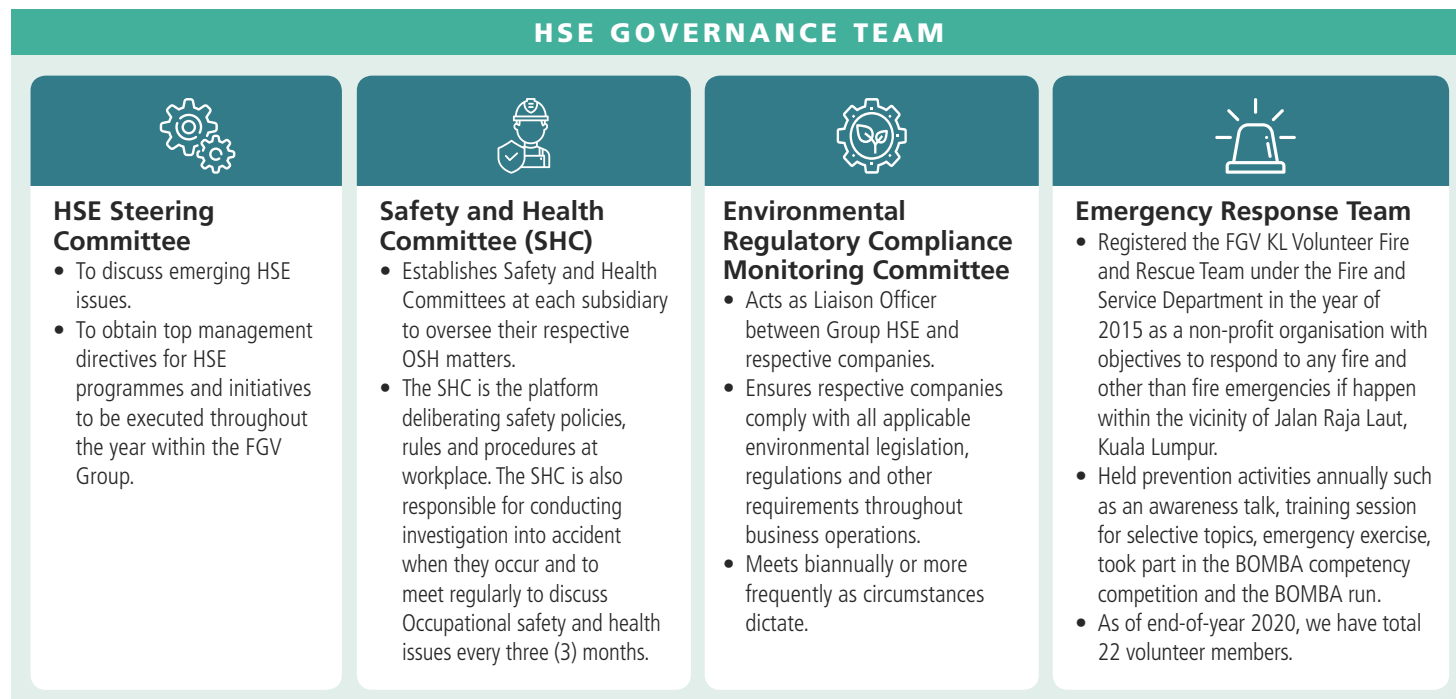


## SUSTAINABILITY MATTER: OCCUPATIONAL HEALTH & SAFETY

As part of our commitment towards creating a safer workplace and making health and safety a priority for all of employees, FGV has taken proactive steps to inculcate healthy and safe cultures in all aspects of the working environment.

FGV adopted the Government's Occupational Safety and Health (OSH) Master Plan 2020. The Master Plan aims to reduce the rate of occupational accidents, diseases and eventually raise the quality of life for Malaysians. We also embraced The International Social Security Association (ISSA) Vision Zero Pledge that is based on a transformational approach for prevention by integrating the three (3) dimensions of safety, health and well-being at all levels of work.

FGV strives to reduce the number of accidents and exposure of workers to occupational safety and health hazards within the Group, and this responsibility is entrusted to the Health, Safety and Environment (HSE) Division.










## Sustainability Matters

At FGV, we encourage worker participation, consultation and communication on OSH matters. All FGV's employees and workers can convey their views, feedback, queries, complaints on any HSE matter via email or through the Safety and Health Committee representatives.



KEY DRIVERS: 5Es	
<b>Engineering</b> 	<ul style="list-style-type: none"> <li>Undertake a risk-based approach through enhancement of Near Miss and Safety Observation (NeMSO) Reporting Programme</li> <li>Design an effective personal protective equipment (PPE) programme</li> <li>Implement Safety Ambassador Programmes for Managers</li> <li>Harmonise hazard communication system by standardising safety signage</li> <li>Replicate Model Mill/Estate Safety initiatives in phases throughout the Group</li> </ul>
<b>Education</b> 	<ul style="list-style-type: none"> <li>Develop training and capacity-building for Safety Ambassadors, Safety Promoters, Safety Spotters and Safety Enforcers</li> </ul>
<b>Encouragement</b> 	<ul style="list-style-type: none"> <li>Instill safety behavior and mindset through 'STOP for Five (5) Minutes' for a dynamic risk assessment approach and adopt Simple Risk Assessment Control for Chemical (SiRAC)</li> <li>Demonstrate collective commitment and leadership through Safety Leadership Visit (SLV) by Senior Management</li> </ul>
<b>Enforcement</b> 	<ul style="list-style-type: none"> <li>Fortify a culture of compliance through the implementation of existing HSE Standard Operating Procedures and adapting them to the trial Consequence Management procedures</li> <li>Enforce a strong safety culture, eradicate unsafe acts and prevent unsafe working conditions</li> </ul>
<b>Evaluation</b> 	<ul style="list-style-type: none"> <li>Streamline HSE Performance Board covering key performance indicators to improve the speed of communications and efficiency in decision-making and ensure transparency</li> <li>Standardise 'Roll Call' and "Stand Down" sessions to impart lesson learned, promote preventive cultures and safety best practices</li> </ul>



## HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT

To meet regulatory health and safety standards, FGV has a comprehensive HSE management system. In 2020, our HSE system ensured that 22 of our work premises are in compliance with the OHSAS 18001:2007 and 12 met with the ISO 14001:2015 standards.

In 2019, FGV's subsidiary, FGV Kernel Products Sdn. Bhd. successfully obtained the ISO 45001:2018 certification, the first company in FGV to be certified. Moving forward, FGV targets to migrate all 22 premises from OHSAS 18001:2007 to ISO 45001:2018 by the end of September 2021.

### #GOHOMESAFE PROGRAMME

To expedite the OSH Vision Zero target, FGV launched a Master Safety Programme called #GOHOMESAFE in 2019. It is a comprehensive safety programme that promotes an injury-free workplace that includes training and campaign.

#GOHOMESAFE has three (3) key messages:



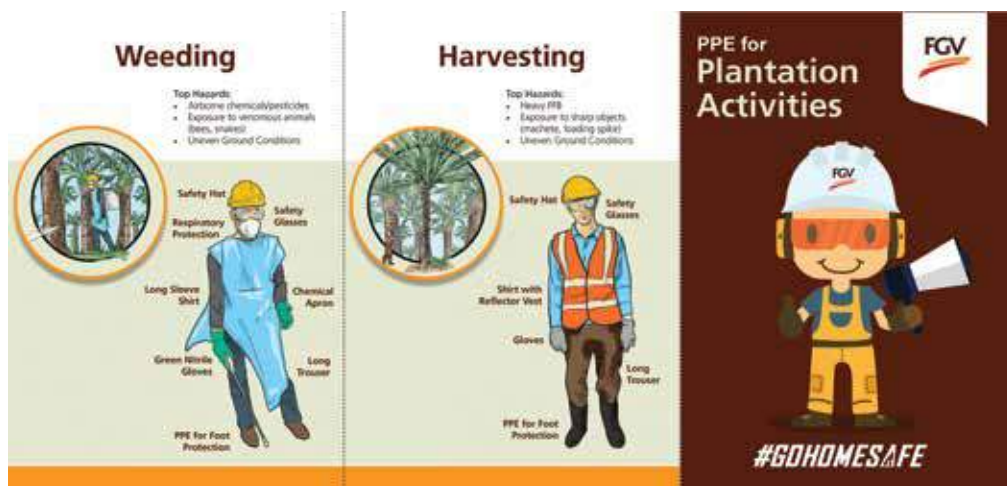
The programme kicked off with two (2) safety campaigns, namely, Near Miss and Safety Observation (NeMSO) Reporting and PATUH PPE at several locations in FGV premises.

To make the programme appealing and effective, FGV created the character of "Abang Selamat" as the safety ambassador. We appointed 65 managers from the Plantation Business to act as the "Abang Selamat" at their respective locations.

In 2019, we launched #GOHOMESAFE at four (4) Model Plantation Concept (MPC) sites that resulted in a 20% engagement with workers. In 2020, we expanded it to all business sectors and achieved a 50% engagement.

Altogether we have conducted 16 training sessions under the #GOHOMESAFE programme for 355 workers and staff. The training covered topics such as Noise Hearing Conservation Programme, Line of Fire, Kiken Yochi Training and Behavior Based Safety for Safety Ambassadors.

In addition, we conducted training for 14 new HSE initiatives that were introduced at eight (8) MPC sites in 2020, compared with four (4) in 2019.





## Sustainability Matters

### MANAGING COVID-19 PANDEMIC – CARING FOR STAFF, WORKERS AND COMMUNITY

In 2020, the top Occupational Safety and Health priority was managing the risks posed by the COVID-19 pandemic.

We intensified our health and safety vigilance across the Group, and adopted a preventive approach to reduce the risk of COVID-19 among staff and workers. This led to the formation of the COVID-19 Taskforce on 4 March 2020.



#### FGV's COVID-19 Task Force

Working in collaboration with the Taskforce, the HSE Division put in place stringent safety and health measures across our work areas in line with government recommendations. We also held frequent communication with all our employees on how to take precautionary actions to reduce the risk of transmission. Some of FGV's measures at our offices, estates, mills, plants and warehouses are as follows:

- Making masks available to all staff and workers
- Providing hand sanitisers at the entrances of plantation offices
- Requiring all workers to undergo health screenings at the nearby health centers, and in the event for quarantine, workers are required to report and declare their status to the HR department
- Ensuring compulsory daily temperature checks for all workers
- Developing detailed guidelines on handling workers who tested positive for COVID-19. The infected worker had to be quarantined for 14 days
- Cordoning with isolation hazard tape hostels/houses in the vicinity of infected cases
- Strict monitoring of quarantine process by FGV security officers
- Providing alternative accommodation for workers in multipurpose halls in the event workers hotels need to be disinfected
- Health screening at all entry points for staff, visitors and contractors. Only those with a body temperature of below 37.5 degrees Celsius were permitted entry to our premises
- Encouraging office-based staff to work from home, whenever possible
- Conducting virtual meetings and webinars
- Adhering strictly to social distancing
- Compulsory usage of face masks when interacting with others
- Frequent hand-washing
- Sanitizing of workplaces and common areas before and after use



#### ESTATE CLINICS

FGV has built eleven estate clinics in remote areas under the guidance of the Ministry of Health Malaysia to ensure our workers can obtain immediate medical attention. At our estate clinics, workers have access to qualified doctors or medical assistants.

These free healthcare services provided by FGV include outpatient treatment and health check-ups for migrant workers in our estates. Patients are treated for occupational accidents/injuries as well as non-occupational accidents.

##### Locations

- |                  |              |                         |             |
|------------------|--------------|-------------------------|-------------|
| ✓ Aring 6        | ✓ Kechau 2   | ✓ Ladang Incosetia, APL | ✓ PUP       |
| ✓ Selendang 3    | ✓ Sahabat 36 | ✓ Ladang Fortune, APL   | ✓ Sampadi 4 |
| ✓ Lepar Utara 11 | ✓ Yapid Mas  | ✓ Ladang BJ, APL        |             |

The clinics also provide first aid treatments to patients to prevent their condition from deteriorating prior to transferring them to hospitals. The clinics have ambulances for patient transfer for this purpose. FGV has also arranged medical teams to provide basic first aid training to our staff in these locations.





### Hazard Risk Identification

The most common work hazards at FGV are noise and vibration from machinery as well as human factors related to ergonomics.

FGV has been implementing the Noise Hearing Conservation Programme to reduce the impact of excessive noise on employees and workers health. Besides providing information, training and audiometric testing, the programme ensures a Hearing Protection Zone, personal hearing protectors (PHP) and preventive/ scheduled maintenance are implemented.

When a noise hazard is encountered, a strict process is to be observed which involves Hazard Identification Risk Assessment and Risk Control (HIRARC), Noise Risk Assessment (NRA) report, medical surveillance report, workplace inspection/ audit report and third parties reports such as from RSPO/MSPO.

We also ensure these processes are undertaken by qualified personnel. The HIRARC report is presented for deliberation at the SHC meeting. In addition to HIRARC, FGV had also adopted the NeMSO reporting initiatives as another tool to identify hazards and risk in our operations. The NeMSO reporting initiative encourages workers to report near miss incident, unsafe act, unsafe condition and safety good practices.

FGV also introduced a dynamic risk assessment practice named "STOP for 5 Minutes" for all workers while at work to eliminate risk of injury or ill health.



## Sustainability Matters



### SAFETY TRAINING AND COMMUNICATION

Training is integral to the #GOHOMESAFE programme. Courses for migrant workers are conducted in their native language to ensure a thorough understanding of our safety standards and expectations.

All staff and workers are required to attend training that could be generic or specific work-related training or those related to hazardous activities planned by FGV.

At Corporate level, FGV conducted emergency response training for employees, emergency response and volunteer fire and rescue teams at WISMA FGV. This included health and safety and fire drills. Due to the COVID-19 pandemic and MCO, the implementation of the fire drill such as the total building evacuation or tabletop exercise were postponed. However, we managed to conduct training as per new norm, with limited face to face and online programmes.

During the year, we have conducted training on regulatory competency, legal provisions, skills competency and HSE Awareness for 594 employees.



## AUDITS

Our OSH framework advocates prevention. FGV carried out four types of health and safety audits during the year that cover our business operations and workplaces:

### Operational OSH audits/ Workplace Inspection (WPI)

to determine workplace compliance with OSHA 1994 and other related legislation.



### Management system audits

to guide worksite preparation for International Standards Organisation (ISO 45001, ISO 14001) certification.



### Malaysian Society of Occupational Safety & Health (MSOSH)

internal audits to help participating worksites enhance their performance ahead of the MSOSH Award's external auditor visits.



### The FGV HSE President's Award audit

to adjudicate entries for the award to determine winners in various categories.



In 2020, due to the COVID-19 pandemic and MCO, the OSH audits were halted.

#### TIER 1

**High-level Group OSH champions** to demonstrate top management's commitment as well as to connect with ground-level operations. These were mostly members of the Group HSE Steering Committee. Tier 1 audits are designed to assess the strength of OSH leadership at worksites. 13 Tier 1 audits were carried out at various locations throughout 2018 and 2019.

#### TIER 2

**Group HSE Division** that assesses the whole organisation's safety including occupational health and industrial hygiene protocol assessments that cover systemic challenges, awareness levels, training requirements, ground engagement and other OSH-related matters. In 2019, we continued to implement and improve Tier 2 audits by enabling Safety and Health Officers (SHOs) to conduct Tier 2 audits at their respective worksites. The intent was to maximise the audit coverage and to harness collective action in addressing workplace compliance.

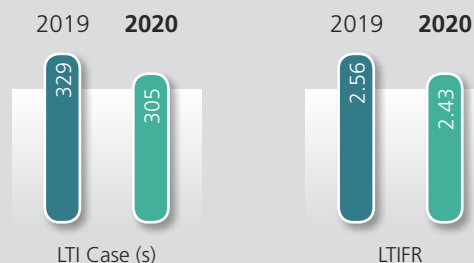
Moving forward, we are reviewing the operational OSH audit on ways to provide a structured and focused approach with a view to cultivate safety culture, which we will roll out in 2021.

#### TIER 3

**Safety and Health Committees** are required to inspect their respective worksites in accordance with the Occupational Safety and Health (Safety and Health Committee) Regulations 1996.

## WORKPLACE ACCIDENTS

FGV is aggressively pursuing the OSH Vision Zero. In 2020, there were 305 accidents reported in our operation. The Group remains determined to continue efforts in relation to safety programmes to keep our workers safe, and we are working towards Zero Harm within our operations.



## FUTURE PRIORITIES

For 2021, FGV's priority is to embed the safety culture across the Group with the #GOHOMESAFE PROGRAMME with the vision to achieve an injury free workplace.



Sustainability Matters



# #3 Climate Action & Environment Protection

As FGV expands its business portfolio, we uphold our environmental protection and climate action principles across all our business operations and value chain. Thus, we have strengthened our GSP in 2020.

As an environmental steward of a business that is highly dependent on natural resources, we are cognisant of the need to protect the natural environment as well as contributing to climate action. Besides our commitment to wildlife conservation and protection, we also focus on efforts to preserve water quality, reduce waste generation, lower consumption of energy and, where possible, reduction of chemical usage.

Central to the GSP 4.0 is the commitment to “No Deforestation, No Peat, and No Exploitation” commonly referred to as NDPE.

We strive to implement good business practices and work closely with our business partners and suppliers to progressively improve environmental performance in the FGV supply chain.



Climate Action



Renewable Energy & Energy Management



Waste Management



Water Management



Biodiversity & Land Management



## 2020 FGV Climate Action and Environment Protection Initiatives

### GROUP-WIDE

#### Climate Action Plan

- Development of Greenhouse Gas (GHG) inventory
- Commitment to reducing carbon emissions

### PLANTATION BUSINESS



#### Energy Management Initiatives

- Energy Management System
- Energy Audits
- Energy Management Programme
- Energy Efficiency investments in manufacturing facilities

#### No Peat Policy

- No new planting on peatlands
- Retain undeveloped peatland as buffer to mitigate flooding
- Maintain hydrological function of peatlands in existing plantations
- Determine viability for replanting on cultivated peatland

#### High Carbon Stock Approach (HCSA)

- Implement HCSA in new areas earmarked for oil palm development

#### Reducing GHG emissions and producing renewable energy

- Reduce carbon emissions from mills
- Generate renewable energy from methane capture and palm waste at mills

#### Environmental Management Practices

- Commit to zero-burning policy
- Maintain riparian reserves in river systems in plantations to ensure natural filtration of sediments in rivers and mitigate floods
- Reduce usage of chemical fertilisers with the usage of microbes to enhance plant growth
- Use of biomass (EFB, fronds, oil palm trunks) as organic fertiliser to substitute chemical fertilisers
- Maintain High Conservation Value (HCV) areas
- Enhance eco-system services by planting beneficial plants to attract natural predators
- Widen river reserves in Lower Kinabatangan wildlife corridor

### LOGISTICS & OTHERS BUSINESS



#### Collaboration with MPOB to test environment friendly fuel

- Participated in B20 diesel trial with MPOB

#### Procurement of vehicles that meet European Emission Standards

- 89.7% of FGV trucks comply with the standard

#### Reducing Carbon Footprint

- Detailed logistics planning to optimise fleet and trip utilisation
- Automated and integrated fuel efficiency system

### SUGAR BUSINESS



#### Reducing carbon footprint

- Adopt green travel practices to reduce business travel emissions

#### Improving energy efficiency



## Sustainability Matters

### SUSTAINABILITY MATTER: CLIMATE ACTION

FGV shares the global concern about climate change and we are committed to playing our part in the global community to achieve SDG 13 on Climate Action as well as supporting Malaysia's Nationally Determined Contribution (NDC) to the Paris Agreement to reduce GHG emissions by 45% by 2030 based on the 2005 baseline year.

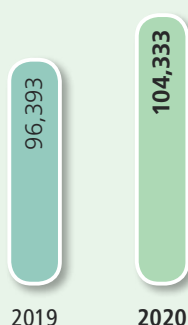
We have incorporated climate action measures into our business strategy and action plans, and will continue to adapt the way we conduct our businesses to avert the adverse impacts of climate change.

One of our early landmark initiatives includes the International Sustainability and Carbon Certification (ISCC) of our mills to meet the demand for sustainable biofuel in Europe. We have had as many as 15 ISCC-certified mills when the demand for palm-based biofuel (palm methyl ester) was high. We are currently maintaining eight (8) mills under the ISCC certification.

In addition, we capture methane gas released from our wastewater treatment plants at our mills and utilise it to generate renewable energy. In 2020, we operated 28 biogas plants that made FGV one of the plantation companies with the most number of biogas plants in the world.

Since the start of our biogas plant operation, we have been closely monitoring the emission reduction through methane capture and utilisation. In 2020, we have increased the emission reduction by 8% compared to the reduction in 2019.

FGV's Carbon Emission Reduction Monitored in 13 Biogas Facilities 2019-2020 ( MT CO<sub>2</sub>e)



#### FGV moves up SPOTT Ranking

The Sustainable Palm Oil Transparency Toolkit (SPOTT) tracks the sustainability performance of plantation companies. At FGV, we believe our SPOTT ranking is an opportunity to reflect on how we can improve our governance and management of sustainability in the Group.

In 2020, FGV ranked 23<sup>rd</sup> out of 100 companies in the SPOTT Assessment that measures the transparency of palm oil companies against a maximum of 181 environmental, social and governance indicators across 10 categories. We scored 168% over the average score of the companies assessed.

In 2020, FGV was assessed by Zoological Society of London (ZSL) that showed progression compared to previous year - increase by +10.8.

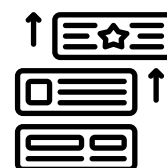
#### Year on Year Results

59.1%

2019

69.9%

2020



During the year, FGV's energy consumption was unaffected by the COVID-19 pandemic. We were operating as usual during the Movement Control Order (MCO) announced by the local government that saw the shutdown of some businesses.





## GHG Inventory

In 2020, FGV has initiated a comprehensive GHG inventory that would identify and capture key emissions from all entities across the group that come directly under FGV's operational control.

FGV's GHG inventory follows GHG Protocol's Corporate Accounting and Reporting Standard and is developed based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, as well as country-specific data based on the latest journals and publications, where more accurate emission estimations are published.

### SUSTAINABILITY MATTER: RENEWABLE ENERGY & ENERGY MANAGEMENT



FGV has been actively promoting energy management to reduce its operating costs as well as carbon footprint. It includes awareness creation among all employees and establishing procedures for all business sectors to follow.

We have collaborated with Universiti Teknologi MARA (UiTM) on various programmes which aim to identify energy-saving initiatives to eliminate wasteful and non-productive energy consumption and to reduce GHG emissions.

The programme identified various initiatives that could reduce energy consumption up to 20%. FGV will undertake feasibility studies and detailed cost-benefit analysis before deciding whether to implement the initiatives.

## Energy Audits

FGV conducted energy audits at FKP, MSM, FPM and FGVRI to explore energy savings to be accrued through user behavioural changes and efficient usage of equipment. Based on cost benefit analysis, the management decided on adopting energy saving pyramid approach i.e. from awareness, cost-free investment from low, medium to high cost investment considering the complexity and resources of implementing the initiative.

FGV conducted energy audits at various business operations to analyse the energy pattern and utilisation rate. The results showed that FGV can achieve a reduction in energy consumption by up to 20%. However, this would require some heavy investments.

Investment decisions on such matters are determined by the energy conservation pyramid, which progresses from the initial awareness creation measures from no cost, low cost, medium cost and culminating in high cost investments.

In 2020, we identified several no cost and low-cost initiatives to be implemented across all operations immediately. They include periodic monitoring of energy usage to verify energy supply quality and identify operational improvements that can be made to save energy, for example, sequence of motors and other machinery to optimise energy output. To monitor the implementation of these initiatives, we have established an Energy Committee.



## Sustainability Matters

### Sustainable Energy Management System

FGV is also collaborating with various government agencies, namely the Malaysian Green Technology & Climate Change Centre, to explore sustainable energy management systems that can be implemented across our business operations.

### Energy Efficiency

FGV will continue to raise awareness and implement energy efficiency initiatives on an ongoing basis. Some operational action plans have identified various medium to high investment initiatives such as the installation of inverters. However, these investments are based on operational priorities, which also include the implementation of other energy efficiency measures.

As part of cost and energy efficiency, FGV's FMCG manufacturing subsidiary Delima Oil Products Sdn. Bhd. (DOPSB) replaced conventional lighting with LED lighting systems. In addition, we installed motor inverters for oversize equipment and soft starters for big size motors exceeding 75kW and for frequent stop-start motors.

All boilers across DOPSB operations utilise natural gas to minimise carbon and sulphur emissions as part of the subsidiary's energy saving and efficiency initiatives.

The Sugar Business has made substantial investments on back pressure turbines at its sugar refineries. The turbines will reduce half of the energy requirements by channeling exhaust steam back to the heating process.

Our sugar refineries also recycle process condensates for boiler steam generation. Where necessary, we use clean natural gas as an energy source at both of our refineries to reduce the production of carbon soot and sulphur emissions.

In addition, we employ an innovative system that combines the functions of our Mechanical Vapour Recompressor (MVR) evaporator and Vertical Crystallisation Tower (VKT) to reduce the amount of steam required during the sugar-boiling processes.

To reduce dependency on electricity supply from Tenaga Nasional Berhad (TNB), electricity is generated in-house by the Steam Turbine Generator at MSM refineries. TNB supply is only required when the generator trips or during plant shutdowns. We will continue with the initiatives for further reductions in electricity consumption.

Moving forward, MSM will continue to explore initiatives to lower refining cost at each refinery via installation of biomass boilers and solar photovoltaic systems.



### Solar Powered Water Plant

The Plantation Business is conducting a feasibility study on the use of the ARUS system (Autonomous Solar Powered Single-Point Water Plant using Ultrafiltration Technology). If proven viable, we plan to introduce this new technology to reduce our operating costs and at the same time provide clean and safe water to workers. This water plant is powered 100% by off-grid solar photovoltaic panels which will reduce carbon emission levels. In addition, the solar panels can convert photon to electricity for the plant's usage, and excess energy can be stored for use in surrounding areas.

The Plantation Business has completed the system's technical assessment and will be conducting field tests to ascertain the practicability and reliability of the system on site. Currently, FGV is identifying suitable sites for the field tests.



## Renewable Energy

Palm waste is being put to good use with renewable energy production. Producing palm based bio-fuel represents the circular economy as advocated by the United Nations Environment Program (UNEP). This strategy will help to contribute towards meeting the Malaysian Government's target to make renewable energy account for 20% of the national fuel capacity mix by 2025.

Palm oil exports to European Union were mainly used for biofuel production. However, in 2019, the European Commission banned palm oil as a sustainable source of biofuels on the basis of deforestation caused by upstream activities. With reduction of demand from this market, the Government promoted the use of palm biodiesel in Malaysia and aimed to make it compulsory for diesel vehicles to use only B20 diesel that has 20% palm biofuel content. The B20 palm biodiesel implementation, however, has been delayed from 2020 to 2021 due to the COVID-19 pandemic that has affected the transportation industry negatively. The demand for palm biodiesel declined both in Malaysia and international markets due to the COVID-19 pandemic. At FGV, palm biofuel is part of our Waste-to-Wealth strategy that is focused on renewable energy production.

The Group produces renewable energy for two (2) purposes, i.e. internal consumption and sale to the grid. With growing emphasis on operational and energy efficiency, FGV mill complexes are increasingly using renewable energy as their primary source of energy. FGV subsidiaries are also exploring renewable energy as the most cost-effective option to operate energy efficient facilities and equipment.

In FGV, renewable energy production comes under the ambit of the Renewable Energy Division that has a Clean Development Mechanism (CDM) programmes for emission reduction. The programme uses a methodology that is in compliance with the United Nations Framework Convention on Climate Change (UNFCCC) mechanism. Data is captured through a metering system and passed on to the Group Sustainability Team for evaluation on a quarterly basis.

Palm biofuel is produced from palm by-products such as palm kernel shells (PKS), sludge oil and shredded EFB. FGV has the largest number of biogas plants in the world within a single plantation company, with 28 plants out of 68 palm oil mills in the Group.

Out of the 28 plants, 11 are certified as Feed-in-Tariff projects and exported 15.4MW to the national grid in 2020. Another two (2) biogas plants in Sabah are involved in rural electrification, while one (1) biogas plant in Sarawak supplies electricity to workers housing quarters in our mill complex. Between 2018 and 2020, FGV won three (3) awards for renewable energy sustainable practices. In 2020, FGV installed the Group's biggest renewable energy biogas power plant in Pahang.

We also have a 7.5 MW biomass power plant in Sahabat, Sabah that supplies steam and electricity for FGV's refinery, kernel crushing plant, bulking installation and the small township of Desa Kencana.

FGV is the pioneer of the world's first palm-based bio-compressed natural gas plant. The plant produces bio-compressed natural gas (BIO-CNG) from palm oil mill effluent (POME). This project is a collaboration between FGV Palm Industries Sdn. Bhd. (FGVPI), Sime Darby Energy Solutions Sdn. Bhd. (SDES) and the Malaysian Palm Oil Board. BIO-CNG is an economically viable and sustainable alternative to natural gas and it is forecasted to having good prospects in the energy sector.

Among the challenges faced in renewable energy generation is the implementation of operational methods and keeping up with new requirements by regulators. In 2020, there was an additional challenge of the COVID-19 pandemic that required us to monitor the performance of our biogas plants and adjusting our financial performance accordingly.





## Sustainability Matters

### SUSTAINABILITY MATTER: WASTE MANAGEMENT

FGV is moving towards a zero-waste management approach across all operations. To realise this, we are continuously identifying new ways to manage our waste more efficiently as well as bolster our waste-to-wealth business strategy.

#### Production of animal feed

FGV has made good progress in converting palm kernel expeller, a palm byproduct, into animal feed for sale in the domestic and selected foreign markets. Palm kernel expeller, also known as palm kernel cake, is produced by our palm kernel crushing plants. Currently, the animal feed produced are beef cattle pellets by FGV Kernel Products Sdn. Bhd.

#### Recycling Programmes

FGV is also recycling waste products such as EFB, palm fronds and palm trunk into organic fertilisers that are being sold in the domestic market. In addition, FGV is also using microbes to enhance plant growth to reduce dependency on chemical fertilisers in the estates.

Our downstream business reports two (2) types of waste produced by its manufacturing operations, namely, dry waste consisting of plastic, shrink wrap and cartons, and wet waste in the form of sludge oil, scum and other forms of effluent. While the effluent is disposed in accordance with the Department of Environment (DOE) regulations, the dry waste is sold to recycling companies for alternative uses.

In our refineries, cutting-edge nano-filtration waste treatment systems enable us to process the discharge produced in our refineries. The resulting salt residue has the potential to be re-used for resin regeneration, while the rest of the residue is filtered and cleaned before being discharged. Waste management in our refineries is outsourced to a supplier licensed by the Environmental Department to collect, transport, process and dispose waste in accordance with local regulations and standards.





## Waste generation

FGV monitors the waste generation during operations.

Sectors	Plantations		Logistics		Sugar	
	2019 (tonnes)	2020 (tonnes)	2019 (tonnes)	2020 (tonnes)	2019 (tonnes)	2020 (tonnes)
<b>Hazardous Waste</b>						
Reused	n.a	5.37	n.a	n.a	n.a	n.a
Recycled	n.a	n.a	n.a	n.a	n.a	n.a
Recovered	163.82	240.61	34.65	41.28	7.55	9.60
Incinerated	76.65	97.91	n.a	n.a	4.98	0.07
Physical/Chemical Treatment	3.73	0.23	n.a	n.a	4.05	1.14
Solidification	0.53	0.12	n.a	n.a	n.a	n.a
Secure Landfill	1,142.92	930.76	0.03	n.a	29.09	n.a
Off-Site Storage	1.75	1.52	n.a	n.a	n.a	n.a
<b>Total</b>	<b>1,389.39</b>	<b>1,276.52</b>	<b>34.68</b>	<b>41.28</b>	<b>45.67</b>	<b>10.80</b>
<b>Non-hazardous Waste</b>						
Recycled	0.00	751.81	n.a	n.a	n.a	n.a
Landfill	421.53	799.37	389.94	506.04	37,392.01	51,748.20
<b>Total</b>	<b>421.53</b>	<b>1,551.18</b>	<b>389.94</b>	<b>506.04</b>	<b>37,392.01</b>	<b>51,748.20</b>



## Sustainability Matters

### SUSTAINABILITY MATTER: WATER MANAGEMENT

We also focus on the optimisation of water usage in our plantations, downstream manufacturing operations and logistics services.

There are a total of 135 significant river systems located near FGV plantation operations, and we closely monitor the impact of our operations on the water quality within the area. FGV needs to ensure water withdrawn from the river for consumption by mill processing activities are discharged back to the river as effluent after treatment. The effluent has to be treated according to the DOE requirement for a Biological Oxygen Demand (BOD) of below permissible level. Every month, we send effluent samples for quality testing at accredited laboratories to ensure these BOD limits are met.

Water shortage is a concern in our plantation business, where water consumption continues to exceed the targets we set for our mills. To minimise the usage of water within our mill operations, we closely monitor water consumption on a daily, monthly and yearly basis by benchmarking against a ratio of less than 1.20 (mt of water: MT FFB Processed). Additionally, most of the raw water supply is sourced from the nearby rivers. In 2021, we will be focusing on optimising water usage at the top 10 mills with high water consumption.

#### Mill Water Usage: Performance 2019-2020

Financial Year	Target	Performance
2019	1.20 MT/MT FFB	1.29 MT/MT FFB
2020	1.20 MT/MT FFB	1.28 MT/MT FFB

#### Water Management Performance 2019-2020

	2019	2020
<b>Water consumption</b>		
<b>Water consumption (m<sup>3</sup>/year)</b>	<b>18,453,672</b>	<b>17,406,383</b>
<b>Water discharged (m<sup>3</sup>/year)</b>	<b>8,347,068</b>	<b>7,996,057</b>





At Delima Oil Palm Products (DOPSB), water consumption is mainly for boiler operations (steam generation), the cooling tower for processing fats (margarine) and general use (toilets and general cleaning). The water is supplied by the local water authority.

More than 50% of the water is used for steam generation at DOPSB plants that cannot operate without steam supply. DOPSB has a back-up water tank that can store water to meet its needs for up to two (2) days. DOPSB also has a rainwater harvesting system to support its daily water consumption needs.

At FGV Palm Kernel Products, water is used for cooling processes, where it is sprinkled on the finished products. Water is a key input throughout the manufacturing process such as for cooling process and for steam production for the deodoriser and fractionation plants.

At FGV Biotechnologies (FGVB), piped water is stored in water tanks and pumped to operational areas. Municipal wastewater is treated by septic bed filtration before being discharged out of factory areas. Contaminated water generated by the operations are treated at an Industrial Effluent Treatment Plant before being discharged out of the factory area that has a capacity of 96 m<sup>3</sup>/day.

In the event of water shortages, there are backup tanks that have a storage capacity for up to two (2) days.



### Environment Protection

Malaysia has a mature plantation industry with established practices on managing its environmental impacts. However, the expansion of the industry has created ongoing concerns over deforestation and environmental degradation.

In Malaysia, the Environmental Quality Act (EQA) 1974 governs environmental performance of companies that are required to take the necessary actions to prevent, abate and control pollution so as to enhance the environment.

FGV's Group Sustainability Policy (GSP) takes account the laws and regulations prescribed by EQA 1974 as well as the regulatory frameworks of jurisdictions where we conduct business. In addition, we are guided by our RSPO aspiration which requires us to adhere to high standards of environmental management.



## Sustainability Matters

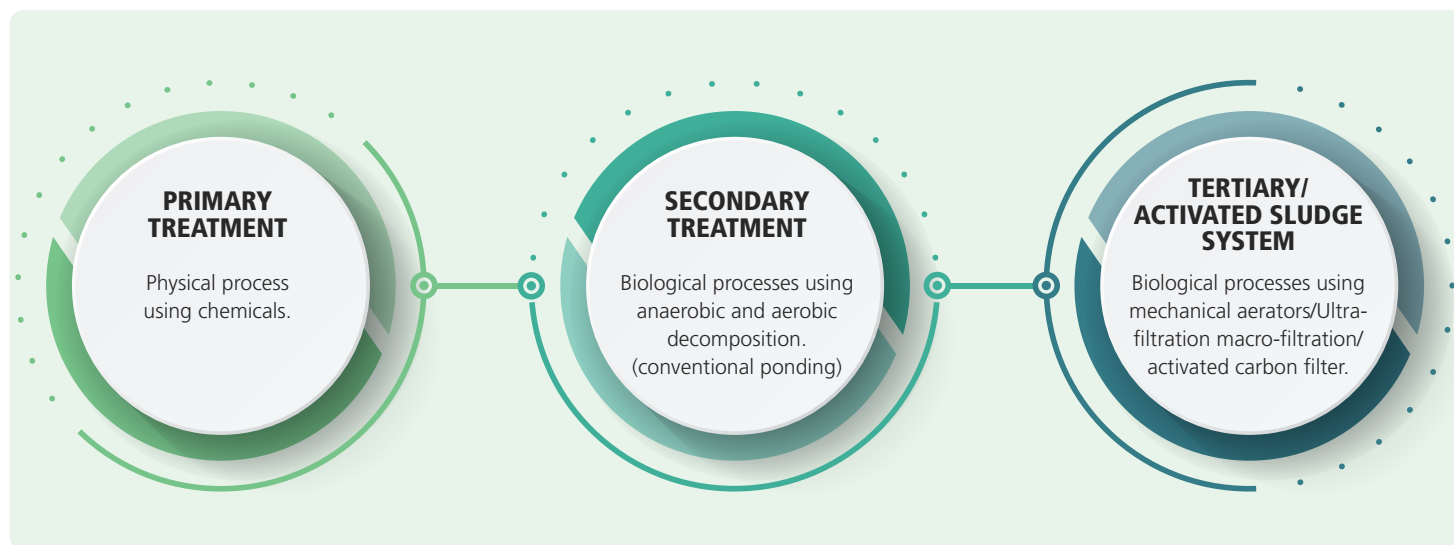
### Wastewater Management

All wastewater discharged from FGV mills is treated to ensure the biological oxygen demand and other parameters level comply with the regulatory requirements. Non-compliance of the parameters may result in the suspension of the operating license. At FGV, we are committed to meet the parameters set by the local regulators in all our operations.

We conduct daily, weekly and monthly effluent performance monitoring that involves a lab analysis and physical condition of the POME treatment system. Every month, wastewater samples are taken and tested by accredited laboratory for quality parameters.

In 2020, FGV installed 34 units Activated Sludge System plants and three (3) units membrane filters to enhance the performance of effluent treatment plant to comply with the Biological Oxygen Demand (BOD) of 20 ppm and below. Each of these units cost approximately RM2 million each.

Wastewater in our plantation operations is primarily palm oil mill effluent (POME), which is a thick brownish viscous liquid waste with a colloidal suspension that consists of 95%-96% water, 0.6%-0.7% oil and 4%-5% total solids. The discharge of poorly managed POME is a major cause of river pollution. Therefore, the POME must be thoroughly treated to meet regulatory requirements before being discharged. There are three (3) levels of effluent treatment practised at FGV. They are:



To manage water shortages, our mills observe strict water processing control of throughput, oil contamination in effluent treatment system. We also undertake pond de-sludging activity and daily monitoring of the performance of the effluent treatment system for better performance. In addition, we continuously enhance the existing system for better quality discharge (aeration pond, polishing plant, membrane bio reactor) and foster better rapport with regulatory authorities. In the event of recovery actions needed, FGV will maximise SOP due diligence and undertake control processing that correlates with the prevailing effluent condition.

In 2020, we recorded improvements in our BOD3 parameter compliance limit. The BOD3 discharge level averaged at 78 mg/l against the 74 mg/l in 2019. FGV will continue to make improvements to meet its internal target. In 2021, we are planning on further effluent improvements and will be engaging with regulatory authorities.



### Final Discharge: Average for Mills

Financial Year	Target (Final Discharge BOD3, mg/L)	Performance in FY2020 (mg/L)
FY2019	60	74
<b>FY2020</b>	<b>50</b>	<b>78</b>

### Water Management in Logistics & Others (LO)

For our logistics operations, FGV Johor Bulkiers' (FJB) water consumption is primarily for offices and operational areas. Based in Pasir Gudang, FJB operates to provide storage and bulking services for vegetable oils, oleochemicals, biodiesel, and other special quality vegetable oil products.

There is a substantial amount of operational wastewater generated here. Standard practice is to channel the wastewater to the Wastewater treatment plants (WWTP) for treatment prior to discharging out of the premises. FJB is governed by the DOE's regulations and guidelines on the quality of effluent discharged.

Given the amount of effluent produced, FJB has installed a Reverse Osmosis (RO) plant to treat effluent from the WWTP as a water source. The RO-generated water is used as feed water for boiler operations. The by product from the RO plant, i.e. wastewater is channeled to the water recycling tank for daily cleaning activities. To ensure successful implementation of FJB's recycling activities, the performance of the wastewater treatment plant and RO plant are being monitored closely against the targets set.

Between 2019 and 2020, FJB tracked the performance of the wastewater treatment plant and RO plant, and data showed that we achieved close to the targets set. Water consumption for boiler operations achieved 26% of water savings in 2019 and 25% in 2020.

### 2019-2020: Performance of Wastewater Treatment Plant and RO Plant

Financial Year	Performance of WWTP		Performance of RO plant	
	Target	Performance in FY2020	Target	Performance in FY2020
FY2019	4,900 MT/month	5,017 MT/month	1,800 MT/month	2,051 MT/month
<b>FY2020</b>	<b>4,900 MT/month</b>	<b>4,897 MT/month</b>	<b>1,900 MT/month</b>	<b>1,975 MT/month</b>

Financial Year	Total boiler water consumption (MT) (RO water + Make-up water)	RO water produced (MT)	Make-up water used (MT)	Saving by RO water (%)
FY2019	85,139	21,849	63,290	26%
<b>FY2020</b>	<b>96,538</b>	<b>23,715</b>	<b>72,823</b>	<b>25%</b>

In 2021, FJB plans to continue with its wastewater recycling efforts. In the middle to longer term, we plan to optimise the efficiency of boiler fuel optimisation by monitoring boiler fuel utilisation against tonnage of oil heated to ensure deficient fuel utilisation.



## Sustainability Matters

### SUSTAINABILITY MATTER: BIODIVERSITY & LAND MANAGEMENT

#### EFFICIENT USE OF NATURAL RESOURCES

Besides reducing its impact on the environment, the efficient use of natural resources makes good business sense. Palm oil is by far the most efficient of oil bearing crop in the world in terms of yield per hectare. In FGV, we pursue to improve our yield by incorporating Good Agricultural Practices.

As the world's largest CPO producer, we focus on improving the productivity per unit area of its operations. In 2020, FGV has outperformed the industry level by 1% (16.96 MT/Ha vs 16.73 MT/Ha). FGV had also recorded a 2% higher in our OER performance compared to industry level in 2020 (20.32% vs 19.92%).

We have maximised land usage by undertaking inter-cropping initiatives in our plantations involving cash crops such as banana,

pineapple and watermelon. This would protect the soil from erosion during the immature stage of our oil palm and at the same time bring additional economic returns. In addition, the introduction of legume cover crops during the early replanting stage, will also ensure that free nitrogen fixation process takes places to retain and improve soil health and conditions.

Our pursuit of the circular economy has led to the increased utilisation of the palm biomass such as fronds, empty fruit bunches and trunks. In addition, we also pursue strict waste management and water management practices to reduce utilisation of these valuable natural resources.

The GSP 4.0 advocates NDPE as matter of a mandatory practice.

With this, the Group is required to adhere to the following environmental practices:



No new plantings on peatland, regardless of the depth. Under this practice, FGV maintains natural buffers to mitigate flooding and restore the hydrological function of planted peatland after August 2016. Since then, FGV is committed to preserve all peatland within our operation areas regardless of when the land was acquired.



FGV conducts high carbon stock assessment based on High Carbon Stock Approach (HCSA) in determining new areas for oil palm development. Drainability assessment will be conducted to ascertain the viability of replanting in cultivated peatland.



FGV ensures there will be no new development on high conservation value (HCV) areas that includes natural forest reserve, primary forest, protection areas and other areas with social concerns.



There shall be no open burning/use of fire in any of FGV's premises.

On 19 October 2019, the RSPO CP directed FGV to undertake the following actions in FGVK Indonesia:

- To carry out a new soil survey by an external expert, subject to approval and confirmation by the CP, to verify the actual area and boundary of peat within PT Temila Agro Abadi (TAA)'s replanting area in Indonesia.
- To provide necessary updates to the local community on the process and mitigation plan.

#### LIMITING THE USE OF AGROCHEMICALS

FGV advocates the responsible use of pesticides, herbicides and fertilisers in our plantations. We are guided by the World Health Organisation in this regard, and avoid agro-chemicals that belong to its Class 1A or 1B list. We also do not use hazardous chemicals and agrochemicals listed by the Stockholm or Rotterdam Conventions except in specific situations.

Over the past few years, we have progressively reduced the amount of Class 1 herbicides used in our estates, and completely stop using the Class 1 chemical in 2019. We have recorded in year-on-year reductions since 2019. We practice integrated pest management in our operation and prefer to use natural methods to control pests and diseases.





We also ensure agrochemicals are applied only by trained personnel under strict supervision and in accordance with national laws and regulations. Workers handling agrochemicals are required to wear PPE and undergo annual medical surveillance, which are covered by FGV. We value the safety and well-being of all our workers and conduct regular internal safety audits to ensure they comply with these safety measures.

As part of Integrated Pest Management (IPM) strategy, we use barn owl (*Tyto alba*) as a biological control to manage the rat population in our estates. In 2020, we have introduced barn owls at our estates in Sabah which is not native there. With more areas coming into biological control with barn owls, the use of rodenticide is reduced significantly, reflecting our cost-effective operation strategy.

FGV promotes the use of organic and inorganic fertiliser to improve palm growth while maintaining optimum yields. FGV ensures minimum impact to the environment by judicious use of fertiliser determined through scientific approach using foliar and soil analysis results. Site yield potential is also considered in determining the right amount of fertiliser to be applied in a certain year. Organic fertiliser is in the form of palm residues such as oil palm fronds, empty fruit bunches (EFB) compost and POME.

We also ensure that fertilisers used in our plantations have a minimum impact on the environment. They take into consideration the leaf and soil nutrient status, palm age and potential yield versus the expected yield for a particular year. Some palm waste have been composted to become organic fertilisers.

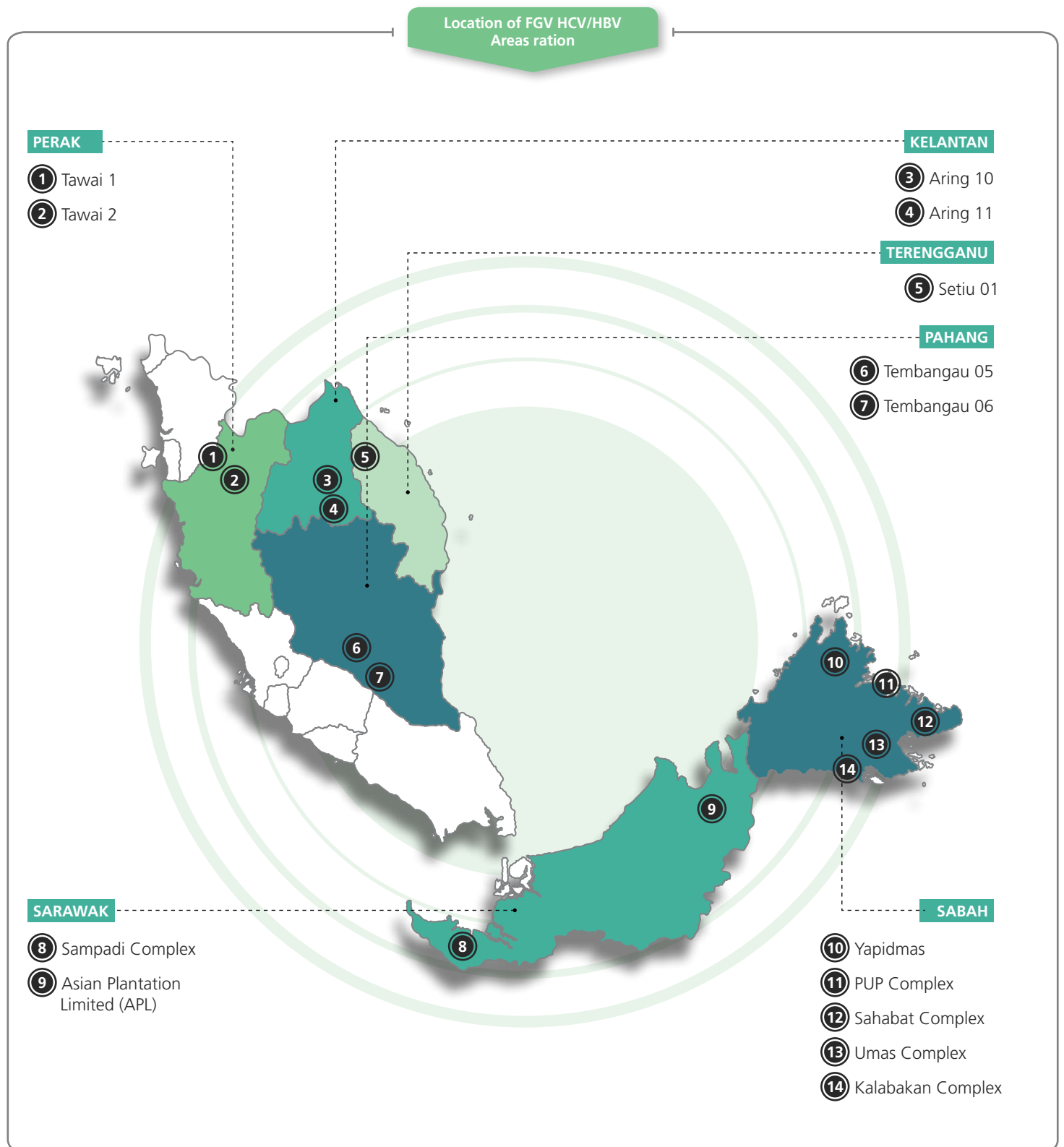
### PROTECTING HIGH BIODIVERSITY VALUE (HBV)/HIGH CONSERVATION VALUE (HCV) AREAS

FGV gives priority to conserving biodiversity, especially in plantations located in close proximity to natural forest reserves or conservation areas that are habitat to endangered, rare and threatened (ERT) species. FGV pledges to carry out conservation initiatives for the continuous protection of the natural ecosystem and its services. In line with our GSP, we ensure our new developments do not encroach into environmentally sensitive area, HBV/HCV areas. Wherever possible, we plant beneficial plants to attract natural predators of insect pests in our plantations.

About 50% of our plantation are situated in hilly terrain and 5% of the land bank is in gazetted areas. Naturally, these areas contain some HBV/HCV elements that need to be preserved. We have conducted HBV/HCV assessment in these areas and developed management plans to maintain and enhance the identified values. We repeat such assessment once in every five (5) years. As of 2020, we have identified a total of 12,180.61 ha within our land boundaries in Peninsula Malaysia, Sabah & Sarawak and Indonesia. The total HBV/HCV area managed by location is presented on the following page.



## Sustainability Matters





## HCV/HBV areas in and around FGV plantation

Country/State/ Region	Estate	HCV/HBV area within estates (ha)	Biodiversity values	HCV/HBV aspects around FGV estates
<b>MALAYSIA</b>				
<b>Pahang</b>	Tembangau 05	0.6	Terrestrial - Management of extreme water flow	Tasik Bera Ramsar site
	Tembangau 06	235	Terrestrial & freshwater. Presence of vulnerable fauna, supports freshwater swamp forest, floodplain connected to Ramsar site	Tasik Bera Ramsar site
<b>Terengganu</b>	Setiu 01	15.5	Terrestrial - Lowland forest ecosystem	Gunung Tebu Reserved Forest
<b>Kelantan</b>	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
<b>Perak</b>	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 Terengor 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 Terengor Important Bird Area
<b>Sarawak</b>	Sampadi Complex	575	Terrestrial - Key riparian areas, steep slopes, presence of endangered and vulnerable fauna	Sampadi Forest Reserve and Taman Negara Gunung Gading
	Asian Plantation Limited (APL)	4,717.82	Terrestrial & freshwater. Presences of critically endangered, endemic and endangered fauna	None
<b>Sabah</b>	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



## Sustainability Matters

Country/State/ Region	Estate	HCV/HBV area within estates (ha)	Biodiversity values	HCV/HBV aspects around FGV estates
MALAYSIA				
Sabah	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
	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 TOTALS		9,400.66	
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 TOTALS		2,779.95		
FGV GROUP TOTALS		12,180.61		

We have plans to enhance the HCV areas with planting native and threatened tree species in coming years. In 2020, we have identified 300 hectares within our plantation to be planted with native/beneficial trees and the planting is expected to commence in first quarter of 2021. FGV plans to continue with the tree planting program in other HCV areas such as unplanted areas, riparian zones, forest buffers and steep slopes. A few other areas have been shortlisted and site verification for their suitability will be undertaken.



## Managing human-wildlife conflict

Some of our plantations are located in areas classified as ‘Wildlife Managed Areas’ where there is the likelihood of human-wildlife conflict that are best avoided. To prevent such incidents, we have developed guidelines to manage potential human-wildlife conflict. The guidelines call for the identification of wildlife threats in and around plantations. Since our goal is conservation of these wildlife species, our action plan consists of monitoring and creating awareness among our workers and nearby communities of the wildlife in the area. This includes prohibition of any illegal hunting of wildlife activities in the plantation, except special privileges granted for local communities granted by authorities.

The scope of these guidelines is aligned with Malaysian Sustainable Palm Oil (MSPO) and Roundtable on Sustainable Palm Oil (RSPO) requirements.

### IUCN Red List: Species of concern in FGV operations

International Union for Conservation of Nature (IUCN) Extinction Risk					
Number of species in areas affected by FGV operations	Critically endangered	Endangered	Vulnerable	Near threatened	Least concern
	2	7	6	2	83

## Sun Bear Conservation Programme

One of our signature conservation projects is the Sun Bear Conservation Programme (SBCP), a collaboration between the Malaysian Nature Society, Department of Wildlife and National Parks Peninsular Malaysia and Universiti Kebangsaan Malaysia. The sun bear is the smallest bear species which is indigenous to Southeast Asia and has been categorised as ‘Vulnerable’ on the IUCN’s Red List of Threatened species.

SBCP is involved in the rescue and rehabilitation of injured/ orphaned/ displaced sun bears and releasing back to the wild. In 2019, 13 sun bears were rescued and six released near Tasik Kenyir (Terengganu) and the Royal Belum Forest (Perak). In 2020, 22 were rescued, 16 rehabilitated and 13 released. From 2015 to 2020, FGV has possibly set a world record as 52 sun bears have been released into their natural habitat through SBCP. In addition, SBCP is preparing a training module for primary and secondary schools to build awareness on the importance of sun bear conservation.

The SBCP Program, has developed three documents namely ‘Guideline in Managing Sun bear in Captivity’, ‘Guideline on Conflict Management for Sun bear’ and ‘Malayan Sun Bear Conservation Action Plan’. We envisage these guidelines will be useful reference tools for interested parties such as conservation centres, zoos, researches centres, NGOs and wildlife conservationists.

FGV fully funds the SBCP and has to date contributed around RM2.3 million. The collaboration has strong support from Citizen Action Groups known as Sahabat Beruang Matahari (Friends of the Sun Bears) that aim to foster a community awareness and empathy for environmental issues, especially the conservation of the indigenous sun bear and other threatened wildlife species. As at 2020, there were more than 200 members in regions, namely, Kuala Lipis (Pahang), Kuala Terengganu (Terengganu), Sahabat (Sabah), Gerik (Perak) and Mersing (Johor).





## Sustainability Matters

### Borneo Pygmy Elephant Rescue

In April 2020, a two (2) year old baby pygmy elephant was found wandering around FGV plantation Sahabat 54 in Lahad Datu by our workers near Tabin Wildlife Reserve border. The FGV workers provided immediate care by providing temporary shelter for the injured pygmy elephant while waiting for the Sabah Wildlife Department (SWD) and the Wildlife Rescue Unit (WRU) to come to the rescue. The baby elephant was found to have a problem with her vision due to bad infections on both eyes causing her to wander from the herd.

The elephant was later transported by FGV vehicle for further treatment at Lok Kawi Wildlife Park in Kota Kinabalu. FGV sponsored the cost of care and treatment for the injured pygmy elephant named 'Sahabat' for six months until full recovery amounting to a total of RM16,000.00. 'Sahabat' has regained her sight under the SWD veterinarians' care.

This is not the first time FGV workers have rescued Borneo elephants in our plantations. Earlier in March 2020, four (4) Borneo pygmy elephants were rescued from being trapped overnight in a pond in Sahabat 50 estate. Our workers had to level down the side of the pond to allow the elephants to escape safely into the nearby forest. Pygmy elephants are endangered species and in Sabah it is estimated only around 2,000 pygmy elephants are left in the wild.







### Mega Biodiversity Corridor Project

FGV has a five (5) year commitment to the Borneo Conservation Trust (BCT) and Sabah Wildlife Department to participate in the Mega Biodiversity Corridor Conservation Project in the lower Kinabatangan Basin. Through this initiative, we support the re-establishment, restoration and protection of riparian zones to protect important wildlife corridors for Borneo pygmy elephants, Orangutans, proboscis monkeys and other important wildlife species.

### Biodiversity with Integrated Farming initiatives

FGV's expansion into integrated farming is contributing towards the biodiversity and ecosystem functioning in our plantation operations. With better land management in mind and Good Agricultural Practices as the standard operating procedures, the Group has ventured into commercial scale MD2 pineapple cultivation in Johor and Perlis, and cultivating Cavendish bananas as an intercropping cash crop amidst its plantations in Johor. It is also rehabilitating a Harumanis mango plantation in the Agro Valley in Chuping. FGV has ventured into paddy planting and established a MRQ76 seed garden in Kawasan Pembangunan Pertanian Bersepadu (IADA) Seberang Perak and IADA Barat Laut Selangor.



SECTION 5

# HOW WE ARE GOVERNED

164	At a Glance - Board of Directors
166	Board of Directors' Profile
175	At a Glance - Group Management Committee
176	Group Management Committee Profile
192	Corporate Governance Overview Statement
227	Statement on Risk Management and Internal Control









# Board of Directors



*from left*

Datuk Mohd Anwar Yahya • Dr. Nesadurai Kalanithi • Datuk Wira Azhar Abdul Hamid (Chairman)  
Dato' Amiruddin Abdul Satar • Dato' Yusli Mohamed Yusoff





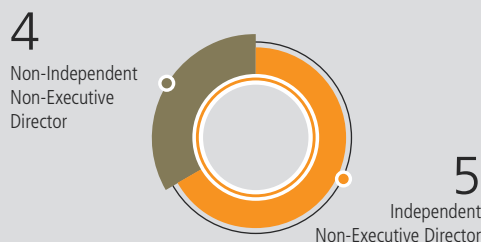
Dr. Zunika Mohamed • Dr. Mohamed Nazeeb P. Alithambi  
Datin Hoi Lai Ping • Dato' Shahrol Anuwar Sarman



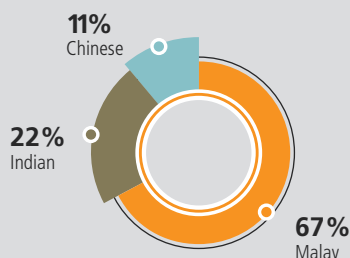
# At a Glance

## BOARD COMPOSITION AND SKILLS

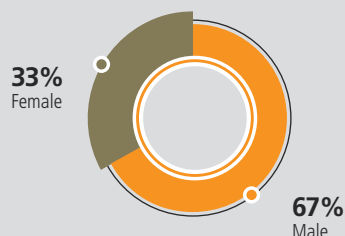
### Balance and Composition\*



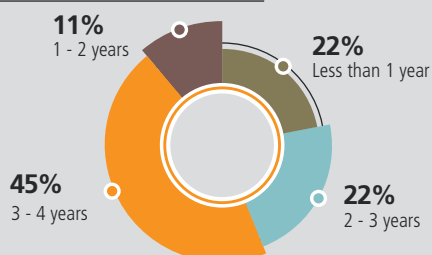
### Ethnic Diversity\*



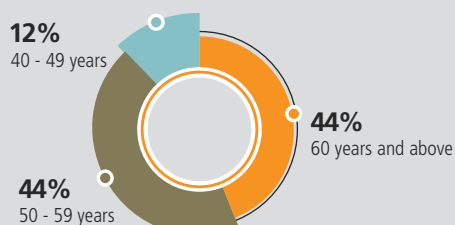
### Gender Diversity\*



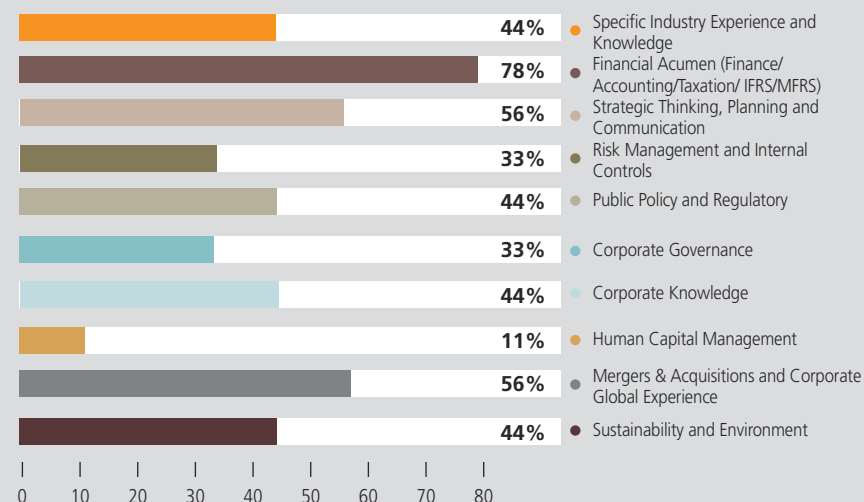
### Tenure\*



### Age Diversity\*



### Skills and Experience



### Board of Directors

#### NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

Representatives of FGV's Special Shareholder

**Datuk Wira Azhar Abdul Hamid**  
Government Appointed Director  
Appointed as Director on 8 September 2017  
Attended 11 out of 11 Board Meetings

**Dato' Shahrol Anuwar Sarman**  
Government Appointed Director  
Appointed as Director on 17 November 2020  
Attended 1 out of 2 Board Meetings

**Dr. Zunika Mohamed**  
Government Appointed Director  
Appointed as Director on 10 February 2020  
Attended 9 out of 11 Board Meetings

**Dato' Dr. Noor Zari Hamat**  
Government Appointed Director  
Appointed as Director on 23 July 2019  
Ceased as Director on 22 January 2020

**Mohd Hassan Ahmad**  
Government Appointed Director  
Appointed as Director on 26 September 2018  
Resigned as Director on 31 October 2020  
Attended 7 out of 7 Board Meetings

Representatives of FGV's Major Shareholder

**Dato' Amiruddin Abdul Satar**  
Appointed as Director on 26 October 2020  
Attended 2 out of 4 Board Meetings\*\*

**Dato' Dr. Othman Haji Omar**  
Appointed as Director on 1 October 2018  
Resigned as Director on 26 October 2020  
Attended 7 out of 7 Board Meetings

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Representatives of Minority Shareholders and the Public

**Dato' Yusli Mohamed Yusoff**  
Appointed as Director on 6 September 2018  
Redesignated as Deputy Chairman on 2 March 2020  
Attended 11 out of 11 Board Meetings

**Datuk Mohd Anwar Yahya**  
Appointed as Director on 23 November 2017  
Attended 11 out of 11 Board Meetings

**Datin Hoi Lai Ping**  
Appointed as Director on 6 September 2018  
Attended 11 out of 11 Board Meetings

**Dr. Mohamed Nazeeb P.Alithambi**  
Appointed as Director on 31 October 2017  
Attended 11 out of 11 Board Meetings

**Dr. Nesadurai Kalanithi**  
Appointed as Director on 1 January 2018  
Attended 11 out of 11 Board Meetings

\*As at 19 March 2021

Note: All meeting attendances are for FY2020

\*\* There were two (2) Board Meetings in FY2020 which Dato' Amiruddin Abdul Satar was not required to attend.



**INED** - Independent Non-Executive Director**NINED** - Non-Independent Non-Executive Director **Chairman** **Member****AUDIT COMMITTEE (AC)****Datuk Mohd Anwar Yahya**  
**INED**

Appointed on 23 November 2017

Attended 9 out of 9 Meetings

**Datin Hoi Lai Ping**  
**INED**

Appointed on 6 September 2018

Attended 9 out of 9 Meetings

**Dato' Shahrol Anuwar Sarman**  
**NINED**

Appointed on 17 November 2020

Attended 1 out of 1 Meeting

**Mohd Hassan Ahmad**  
**NINED**Appointed on 26 September 2018  
Resigned on 31 October 2020

Attended 7 out of 7 Meetings

**NOMINATION AND REMUNERATION COMMITTEE (NRC)****Dato' Yusli Mohamed Yusoff**  
**INED**

Appointed on 6 September 2018

Attended 5 out of 5 Meetings

**Dr. Zunika Mohamed**  
**NINED**

Appointed on 10 February 2020

Attended 3 out of 4 Meetings

**Datin Hoi Lai Ping**  
**INED**

Appointed on 15 July 2019

Attended 5 out of 5 Meetings

**Dato' Dr. Noor Zari Hamat**  
**INED**Appointed on 23 July 2019  
Resigned on 22 January 2020**Dr. Nesadurai Kalanithi**  
**INED**

Appointed on 15 July 2019

Attended 5 out of 5 Meetings

**BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE (BGRMC)****Dato' Yusli Mohamed Yusoff**  
**INED**

Appointed on 6 September 2018

Attended 6 out of 6 Meetings

**Dr. Zunika Mohamed**  
**NINED**

Appointed on 10 February 2020

Attended 5 out of 5 Meetings

**Dr. Nesadurai Kalanithi**  
**INED**

Appointed on 15 July 2019

Attended 6 out of 6 Meetings

**Dato' Dr. Noor Zari Hamat**  
**NINED**Appointed on 23 July 2019  
Resigned on 22 January 2020**INVESTMENT COMMITTEE (IC)****Datin Hoi Lai Ping**  
**INED**Appointed as Member on  
6 September 2018  
Redesignated as Chairman on  
15 July 2019

Attended 5 out of 5 Meetings

**Dr. Mohamed Nazeeb P.Alithambi**  
**INED**

Appointed on 23 November 2017

Attended 5 out of 5 Meetings

**Dato' Amiruddin Abdul Satar**  
**NINED**

Appointed on 26 October 2020

Attended 1 out of 1 Meeting

**Dato' Yusli Mohamed Yusoff**  
**INED**

Appointed on 15 July 2019

Attended 5 out of 5 Meetings

**Dato' Dr. Othman Haji Omar**  
**NINED**Appointed on 1 October 2018  
Resigned on 26 October 2020

Attended 4 out of 4 Meetings

**BOARD TENDER COMMITTEE (BTC)****Dr. Mohamed Nazeeb P.Alithambi**  
**INED**Appointed as Member on  
23 November 2017  
Redesignated as Chairman on  
26 September 2018

Attended 4 out of 4 Meetings

**Dato' Shahrol Anuwar Sarman**  
**NINED**

Appointed on 17 November 2020

Attended 1 out of 1 Meeting

**Mohd Hassan Ahmad**  
**NINED**Appointed on 26 September 2018  
Resigned on 31 October 2020

Attended 2 out of 2 Meetings

**Datuk Mohd Anwar Yahya**  
**INED**

Appointed on 15 July 2019

Attended 4 out of 4 Meetings

**SPECIAL BOARD COMMITTEE 1 (SBC 1)\*\*\*****Datuk Mohd Anwar Yahya**  
**INED**

Appointed on 30 January 2018

Attended 1 out of 1 Meeting

**Mohd Hassan Ahmad**  
**NINED**

Appointed on 26 September 2018

Attended 1 out of 1 Meeting

**Dr. Nesadurai Kalanithi**  
**INED**

Appointed on 30 January 2018

Attended 1 out of 1 Meeting

**Dr. Mohamed Nazeeb P.Alithambi**  
**INED**

Appointed on 14 February 2018

Attended 1 out of 1 Meeting

\*\*\* SBC1 was disbanded on 24 August 2020 and its responsibilities were transferred to the AC.



# Board of Directors' Profile

59 years old Male

## DATUK WIRA AZHAR ABDUL HAMID

Chairman, Non-Independent Non-Executive Director

Appointment to the Board	Length of tenure as Director	Date of last re-election
8 September 2017	3-4 years	25 June 2019

Board Meeting Attendance in FY2020:

100%

### Qualifications:

- Fellow Member of the Association of Chartered Certified Accountant (ACCA), UK
- Member of the Malaysian Institute of Accountants (MIA)

### Working experience and occupation:

- Internal Audit Manager, British Telecom PLC, UK (1989-1991)
- Head of Internal Audit and Head of Finance, Malaysian Cooperative Insurance Society Ltd. (1992-1994)
- Financial Controller, Sime Darby Group serving Sime Tyres International Sdn. Bhd., Business Development Director in Sime Conoco Sdn. Bhd. and Group General Manager at the Group's Engineering, Oil & Gas Division (1994-2001)
- Group Chief Executive, Pernas International Holdings Berhad (2001-2002)
- Business Development Director in Sime Darby Plantation Sdn. Bhd., Managing Director of Tractors Malaysia Holdings Berhad, Sime Darby Group's Divisional Director for the Heavy Equipment Division for Asia Pacific, covering China, Hong Kong, Malaysia, Singapore and the Philippines, Managing Director, Sime Darby Plantation Sdn. Bhd., Sime Darby Group's Divisional Director for Plantations & Food Division, Sime Darby Berhad, Managing Director, Sime Darby Plantation Sdn. Bhd., EVP/Head of Sime Darby's Plantation & Agri-business Division (2003-2010)
- Chairman, Malaysian Palm Oil Association (2007-2010)
- Chief Executive Officer, Mass Rapid Transit Corporation Sdn. Bhd. (2011-2014)
- President/Group Managing Director, Tradewinds Corporation Berhad (2015-2016)
- Chairman, Tradewinds Corporation Berhad (2016-2017)
- Group Managing Director, Malakoff Corporation Berhad (2016-2017)

### Directorship in other public companies:

- Director, Icon Offshore Berhad
- Director, Hume Cement Industries Berhad (formerly known as Hume Industries Berhad)
- Director, Ahmad Zaki Resources Berhad





AC

Audit  
Committee

NRC

Nomination and  
Remuneration  
Committee

BGRMC

Board Governance  
& Risk Management  
Committee

IC

Investment  
Committee

BTC

Board Tender  
Committee

SBC1

Special Board  
Committee

62

years old



Male



NRC

BGRMC

IC

## DATO' YUSLI MOHAMED YUSOFF

Deputy Chairman, Independent Non-Executive Director

### Appointment to the Board

6 September 2018

### Length of tenure as Director

2-3 years

### Date of last re-election

25 June 2019

### Board Meeting Attendance in FY2020:

100%

### Qualifications:

- Member of the Malaysian Institute of Accountants (MIA)
- Member of the Institute of Chartered Accountants in England & Wales (ICAEW)
- Bachelor of Economics, University of Essex, England, UK

### Working experience and occupation:

- Audit Senior and Trainee Accountant at Peat Marwick Mitchell in London (1981-1986)
- Chief Accountant in Hugin Sweda PLC in London (1986-1990)
- Senior Manager, Corporate Affairs in HBN Management (Group Management Office of Renong Group) (1990-1992)
- Financial Controller of Faber Group (1992)
- Chief Operating Officer of Time Engineering Berhad (1993)
- Chief Operating Officer/Executive Director of Renong Berhad (1994-1995)
- Group Managing Director of Shapadu Corporation (1995-1996)
- Chief General Manager of Sime Merchant Bankers Berhad (1996-1998)
- Served concurrently as Executive Vice Chairman of Intria Berhad and Managing Director of Metacorp Berhad (1998-1999)
- Chief Executive of CIMB Securities Sdn. Bhd. (2000-2004)
- Chairman of the Association of Stockbroking Companies Malaysia (2003-2004)
- Board Member of the Capital Market Development Fund and Exco Member of the Financial Reporting Foundation of Malaysia (2004-2011)
- Committee Member of Kuala Lumpur Stock Exchange (2001-2004)
- Chief Executive Officer/Executive Director of Bursa Malaysia Berhad (2004-2011)
- President of the Malaysian Institute of Corporate Governance (2015-Present)

### Directorship in other public companies:

- Chairman, KPJ Healthcare Berhad
- Chairman, Mudajaya Group Berhad
- Director, Westports Holdings Berhad
- Director, AirAsia X Berhad
- Director, Australasia Resources & Minerals Berhad



## Board of Directors' Profile

57  
years old

Male



IC

# DATO' AMIRUDDIN ABDUL SATAR

Non-Independent Non-Executive Director

Appointment to the Board	Length of tenure as Director	Date of last re-election
26 October 2020	Less than a year	Not applicable

Board Meeting Attendance in FY2020:



### Qualifications:

- Member of the Association of Chartered Certified Accountant (ACCA), UK
- Master in Business Administration, Henley Business School, University of Reading, UK

### Working experience and occupation:

- Accountant Executive, UMW Toyota Berhad (1989-1990)
- Accountant, Boustead Holdings Berhad (1990-1992)
- Finance Manager, INC Sdn. Bhd., a subsidiary of Lembaga Tabung Haji (1992-1993)
- Finance Manager, KPJ Healthcare Berhad (KPJ) (1993-1996)
- Deputy General Manager, KPJ (1996-2003)
- Group General Manager, KPJ (2003-2010)
- Chief Operating Officer, KPJ (2010-2012)
- Executive Director, KPJ (2011-2013)
- President and Managing Director, KPJ (2013-2020)
- Director General, Federal Land Development Authority (2020-Present)

### Directorship in other public companies:

- Director, Ipmuda Berhad



Note: There were two (2) Board Meetings in FY2020 which Dato' Amiruddin Abdul Satar was not required to attend.



66

years old



Male



AC

BTC

SBC1

## DATUK MOHD ANWAR YAHYA

**Independent Non-Executive Director****Appointment  
to the Board**

23 November 2017

**Length of tenure as  
Director**

3-4 years

**Date of last  
re-election**

19 June 2020

**Board Meeting Attendance in FY2020:****100%****Qualifications:**

- Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW)
- Member of the Malaysian Institute of Accountants (MIA)
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)
- Bachelor of Science (Hons.), Economics & Accountancy, University of Hull, UK

**Working experience and occupation:**

- Audit Trainee/Audit Supervisor, Touche Ross & Co. (1978-1982)
- Finance Manager, Lembaga Kemajuan Kelantan Selatan (1982-1985)
- Chief Executive Officer, Permodalan Kelantan Berhad (1985-1990)
- Director of the Technology Group in Management Consulting Practice, PricewaterhouseCoopers (1991-1992)
- Partner, PricewaterhouseCoopers (1993-2015)
- Senior Director/Advisor, PricewaterhouseCoopers (2015-2017)
- Executive Director, Sage 3 Sdn. Bhd. (2018-Present)

**Directorship in other public companies:**

- Director, Maybank Islamic Berhad
- Director, Fraser & Neave Holdings Berhad
- Director, Pelaburan Hartanah Nasional Berhad
- Director, Amanah Saham Nasional Berhad





## Board of Directors' Profile

68  
years old

Male

IC BTC SBC1

### DR. MOHAMED NAZEEB P.ALITHAMBI

Independent Non-Executive Director

Appointment to the Board	Length of tenure as Director	Date of last re-election
31 October 2017	3-4 years	19 June 2020

Board Meeting Attendance in FY2020:

100%

#### Qualifications:

- PhD, Agronomy, University of Malaya
- Bachelor of Science (Hons.), University of Malaya

#### Working experience and occupation:

- Research Assistant in Post-Harvest Fruit Physiology Project carried out jointly by University of Malaya and Malaysian Agricultural Research and Development Institute (1976-1977)
- Part time tutor in Biological Sciences at University of Malaya and Universiti Kebangsaan Malaysia (1978-1979)
- Agronomist, Ebor Research, Sime Darby Plantation Sdn. Bhd. (1980-1988)
- Senior Agronomist, Ebor Research, Sime Darby Plantation Sdn. Bhd. (1988-1995)
- Head of Crop Production, Ebor Research, Sime Darby Plantation Sdn. Bhd. (1995-2001)
- Director Plantations, Sime Darby Plantation Sdn. Bhd. (2002-2007)
- Head of Plantation Advisory, Sime Darby Plantation Sdn. Bhd. (2007-2011)
- Head of Research & Development, Sime Darby Plantation Sdn. Bhd. (2011-2014)

#### Directorship in other public companies:

- Nil





AC

Audit  
Committee

NRC

Nomination and  
Remuneration  
Committee

BGRMC

Board Governance  
& Risk Management  
Committee

IC

Investment  
Committee

BTC

Board Tender  
Committee

SBC1

Special Board  
Committee

59

years old



Female



AC

NRC

IC

## DATIN HOI LAI PING

### Independent Non-Executive Director

#### Appointment to the Board

6 September 2018

#### Length of tenure as Director

2-3 years

#### Date of last re-election

25 June 2019

#### Board Meeting Attendance in FY2020:

100%

#### Qualifications:

- Fellow of CPA Australia
- Bachelor of Economics (Majoring in Accounting), Monash University, Victoria, Australia

#### Working experience and occupation:

- Hong Leong Finance Berhad (1983-1987)
- Commonwealth Bank of Australia (including Tricontinental Merchant Bank and State Bank of Victoria) (1988-1994)
- Manager, Accenture Kuala Lumpur (1994-1998)
- Associate Partner, Accenture Kuala Lumpur (1999-2004)
- Partner, Accenture Kuala Lumpur (2005-2009)
- Director, General Rewards Sdn. Bhd. (2011-Present)

#### Directorship in other public companies:

- Director, Zurich Life Insurance Malaysia Berhad





## Board of Directors' Profile

52  
years old

Female

NRC BGRMC

### DR. ZUNIKA MOHAMED

Non-Independent Non-Executive Director

Appointment to the Board	Length of tenure as Director	Date of last re-election
10 February 2020	1-2 years	19 June 2020

Board Meeting Attendance in FY2020:

82%

#### Qualifications:

- Doctorate in Economics, University of Putra Malaysia
- Master of Economics, International Islamic University, Malaysia
- Bachelor in Economics, University of Texas, USA
- Diploma in Public Administration, National Institute of Public Administration (INTAN), Malaysia

#### Working experience and occupation:

- Assistant Director, Agriculture Section, Economic Planning Unit (EPU) of the Prime Minister's Department (1994-2003)
- Head Assistant Director, Agriculture Section, EPU of the Prime Minister's Department (2003-2006)
- Head Assistant Director, Distribution Section, EPU of the Prime Minister's Department (2006-2008)
- Deputy Director, Distribution Section, EPU of the Prime Minister's Department (2008-2012)
- Deputy Director, Macro Economy Section, EPU of the Prime Minister's Department (2012-2014)
- Deputy Director, Infrastructure and Public Facilities Section, EPU of the Prime Minister's Department (2014-2016)
- Director, Agriculture Section, EPU of the Ministry of Economic Affairs (2016-2018)
- Deputy Secretary General (Policy), Ministry of Agriculture and Agro-based Industry (2018-2019)
- Deputy Secretary General (Sectoral), Ministry of Economic Affairs (2019)
- Deputy Secretary General (Macro), Ministry of Economic Affairs (2019)
- Deputy Director General (Macro), EPU of the Prime Minister's Department (2020-Present)

#### Directorship in other public companies:

- Nil





AC

Audit  
Committee

NRC

Nomination and  
Remuneration  
Committee

BGRMC

Board Governance  
& Risk Management  
Committee

IC

Investment  
Committee

BTC

Board Tender  
Committee

SBC1

Special Board  
Committee

47

years old



Male



AC

BTC

## DATO' SHAHROL ANUWAR SARMAN

Non-Independent Non-Executive Director

### Appointment to the Board

17 November 2020

### Length of tenure as Director

Less than a year

### Date of last re-election

Not applicable

### Board Meeting Attendance in FY2020:

50%

### Qualifications:

- Master in Business Administration, Cardiff University, Wales, UK
- Bachelor's Degree in Finance, MARA University of Technology, Malaysia

### Working experience and occupation:

- Assistant Secretary, Loans Management and Finance Policy Division, Ministry of Finance (1996-2003)
- Assistant Director, Human Resource Management and Administration Division (Head of Finance and Account Unit), Anti-Corruption Agency Malaysia (2003-2004)
- Principal Assistant Secretary, Timber Industry Division, Ministry of Plantation Industries and Commodities (2004-2006)
- Senior Principal Assistant Secretary, Administration and Finance Division, Melaka's Chief Minister Department (2006-2007)
- Senior Private Secretary to the Secretary General of Treasury, Ministry of Finance (2007-2011)
- Special Officer to the Secretary General of Treasury, Ministry of Finance (2011-2012)
- Senior Advisor to Executive Director of the World Bank Group in Washington D.C., USA (2012-2014)
- Senior Private Secretary to the Secretary General of Treasury, Ministry of Finance (2014-2017)
- Undersecretary, Statutory Bodies Strategic Management Division, Ministry of Finance (2017-2019)
- Undersecretary, Strategic Investment Division, Ministry of Finance (2019-Present)

### Directorship in other public companies:

- Nil





## Board of Directors' Profile

64  
years old

Female



NRC

BGRMC

SBC1

# DR. NESADURAI KALANITHI

Independent Non-Executive Director

### Appointment to the Board

1 January 2018

### Length of tenure as Director

3-4 years

### Date of last re-election

19 June 2020

Board Meeting Attendance in FY2020:

100%

### Qualifications:

- PhD, Biochemistry and Molecular Biology, University of Reading, UK
- Master of Science, Food Science, University of Reading, UK

### Working experience and occupation:

- Senior Principal Research Scientist and Head, Nutrition Group, Malaysian Palm Oil Board (1984)
- Visiting Research Scientist, Center for Animal Biotechnology, University of Melbourne, Australia (2003-2004)
- Director, Product Development and Advisory Services, Malaysian Palm Oil Board (2008-2012)
- Minister, Embassy of Malaysia and Mission of Malaysia to the European Union (2013-2017)

### Directorship in other public companies:

- Nil



None of the Directors have any conflict of interest with the Company, family relationship with any Director and/or Major Shareholder or have any convictions for offences (other than traffic offences) within the past five years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



Full biographical details of each Director are available on our website at [www.fgvholdings.com](http://www.fgvholdings.com).

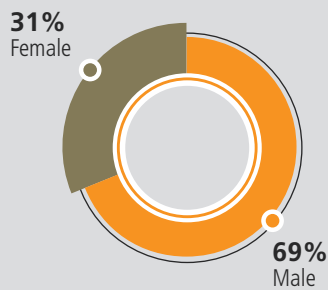


AT A GLANCE

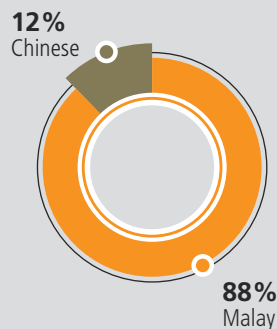
# GROUP MANAGEMENT COMMITTEE

The Group Management Committee (GMC) is established to support the GCEO in the stewardship of the Group to centrally monitor the Group's performance, coordinate and align the Group's management and business operations to achieve FGV Group's vision, mission, strategies, through good corporate governance principles and best business and control practices based on the directions, guidance, decisions and policies of the Board and the Board Committees. The GMC held 24 meetings in FY2020.

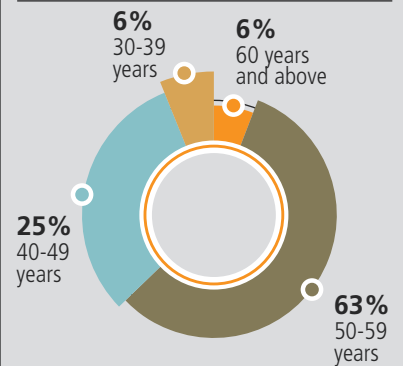
## Gender Diversity\*



## Ethnic Diversity\*



## Age Diversity\*



\* As at 19 March 2021

None of the GMC members have any conflict of interest with the Company, family relationship with any Director and/or Major Shareholder or have any convictions for offences (other than traffic offences) within the past five years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



Full biographical details of each GMC member are available on our website at [www.fgvholdings.com](http://www.fgvholdings.com).



# Group Management Committee Profile



## DATO' HARIS FADZILAH HASSAN

Group Chief Executive Officer

54  
years old

Male



Appointment to the position

23 January 2019

### Academic/Professional Qualification

- Senior Management Development Program by the Harvard Business School Alumni Club of Malaysia
- Advanced Management Program in Columbia Business School, New York, USA
- Master of Business Administration (MBA), University of Miami, Coral Gables, Florida, USA
- Bachelor of Business Administration (BBA), University of Miami, Coral Gables, Florida, USA

### Relevant Experience

Dato' Haris has more than 30 years of experience in strategy & business development, project management and operations in several industries such as oil & gas, automotive and plantations. He started his career in 1990 as a Systems Engineer with Matsushita Television Co. (M) Sdn. Bhd. Between 1992 and 1997, he worked in PETRONAS in the Information Resources Division, as well as the Corporate Planning & Business Development Unit. He then joined Waterfield-Portola as Senior Consultant for a year, before moving to PROTON as a Market Strategist, in August 1998. Subsequently, he was appointed Head of the Strategic Investment Unit, where he served for three (3) years before becoming Head of the Corporate Planning Division in December 2000.

He was appointed to Head the Iran Project under the International Business Division of Proton Marketing Sdn. Bhd. in November 2003, before becoming the Head of Strategy Development & Corporate Planning of Proton Holdings Berhad in May 2005. He then joined Golden Hope Plantations as General Manager of Corporate Strategy & Business Development before heading the Project Management Office (Plantation) of Synergy Drive, which was a Special Purpose Vehicle (SPV) for the merger of Golden Hope Plantations, Kumpulan Guthrie and Sime Darby Group. After the merger in 2007, he was appointed Senior Vice President (SVP) II of Strategy & Business Development in Sime Darby Plantation Sdn. Bhd. He left the Group in April 2012, with his last position as SVP I of the Downstream Business to join Mass Rapid Transit Corporation Sdn. Bhd. as Director of Stakeholder Relations & Land Management.

He held the role of Acting Chief Executive Officer from December 2013 to February 2014. Dato' Haris was redesignated Director of Commercial and Land Management in January 2016, in which role he served up till early January 2019, before joining FGV Holdings Berhad as Group Chief Executive Officer. He is also a Trustee of Yayasan Felda and Chairman of the Felda Hemodialysis Centre.

### Directorship in other public companies:

- MSM Malaysia Holdings Berhad





## DATO' MOHD HAIRUL ABDUL HAMID

Group Chief Financial Officer

51  
years old

Male



Appointment to the position

2 January 2019

### Academic/Professional Qualification

- Fellow of the Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Accountants (MIA)

### Relevant Experience

Dato' Mohd Hairul is a Chartered Accountant by training and started his career in Sime Darby Berhad in 1994 as a Management Trainee and rose to become Group Accountant in 1997.

In October 2002, he was appointed Finance Manager of Consolidated Plantations Berhad (CPB), a wholly-owned subsidiary of Sime Darby Berhad. He was appointed Chief Financial Officer (CFO) of the Plantation Division in June 2008. He left Sime Darby Berhad in February 2012, with his last position as CFO of the Energy & Utilities Division.

Prior to joining FGV Holdings Berhad in January 2019, he was the CFO of Mass Rapid Transit Corporation Sdn. Bhd. from March 2012 to December 2018.

### Directorship in other public companies:

- Felda Holdings Bhd



## Group Management Committee Profile



### SYED MAHDHAR SYED HUSSAIN

Group Divisional Director of Plantation Sector

60  
years old

Male



Appointment to the position

12 November 2018

#### Academic/Professional Qualification

- Bachelor (Honours) of Chemistry from the University of Science Malaysia

#### Relevant Experience

Syed Mahdhar is a scientist by training, with more than 34 years of experience in the agricultural industry. He started his career in 1985 as a Plantation Technologist in oil palm, rubber and cocoa in Kumpulan Guthrie Berhad, where he served up till 2007.

He was QA/QC Manager from 1992 to 1995, and QA/QC and Safety Senior Manager from 1995 to 1999, before becoming General Manager of Total Quality Environmental Management (TQEMS), in 2001. After the merger in 2007, he was made Senior Vice President (SVP) of the TQEMS Department in Sime Darby Berhad. Subsequently, he was appointed Senior Vice President of the Quality, Safety & Sustainability Department (PSQM) in Sime Darby Plantation Berhad, in which role he served for approximately five (5) years, before becoming Director of Standard & Compliance Division in Mass Rapid Transit Corporation Sdn. Bhd. in 2012.

He was appointed Group Chief Transformation Officer of FGV Holdings Berhad in April 2018, to lead the Group's turnaround plan. He was redesignated Chief Operating Officer (COO) of the Plantation Sector & Head of Palm Upstream Cluster in November 2018, COO of the Plantation Sector in August 2019 and later as the Group Divisional Director of Plantation Sector in December 2020.

#### Directorship in other public companies:

- Nil





## SALMAN GHAZALI

Group Chief Strategy Officer

39  
years old

Male



**Appointment to the position**

13 September 2019

### Academic/Professional Qualification

- Bachelor of Science (BSc.) in Accounting & Finance from London School of Economics & Political Science, London, UK

### Relevant Experience

Salman Ghazali, started his career in Sime Darby Plantation Sdn. Bhd. (SDP) in 2005 and has since accumulated more than 15 years of experience in strategy, business development, investments management, private equity, and business banking. He moved to the Managing Director's Office in SDP in 2007 and rose to become Assistant Vice President I – Corporate Finance, Strategy & Business Development. While in SDP, he was assigned to PEMANDU's National Key Economic Area (NKEA) in 2010 where he became Head of Palm Oil Food & Health-based Downstream Sector. He was then seconded to Emery Oleochemicals, which is a 50:50 joint venture company between SDP and PTT Global Chemical, in Global Strategy. He left Emery Oleochemicals and SDP in December 2011 and joined PETRONAS in 2012 in the Executive Vice President's Office before joining Khazanah Nasional Berhad as Vice President of Investments and Special Officer to the Chief Investment Officer.

In 2015, he became Managing Partner of RM Capital Partners & Associates, one of the largest boutique private equity firms in Malaysia where he held various investee companies' directorships and investment committee positions until August 2018. Prior to joining FGV Holdings Berhad in September 2019, he was Head of Business Banking in Malaysian Development Bank (Bank Pembangunan Malaysia Berhad).

He received his secondary education at the Royal Military College (RMC) before receiving the Yayasan Sime Darby (YSD) scholarship award to read Accounting & Finance at the London School of Economics & Political Science, London, UK (LSE).

### Directorship in other public companies:

- Nil



## Group Management Committee Profile



### AZMAN AHMAD

Group Divisional Director of Logistics & Support Businesses Sector

59  
years old

Male



Appointment to the position

1 January 2018

#### Academic/Professional Qualification

- Bachelor of Maritime Technology from the University of Wales Institute of Science and Technology, UK
- Diploma in Management from the Malaysian Institute of Management

#### Relevant Experience

Azman Ahmad started his career in 1984 as the Operation Executive in Johor Bulk Sdn. Bhd., Johor. He has since accumulated over 30 years of experience in port-related and logistics industries. He became the General Manager in 2006 and was appointed the Chief Executive Officer a year later and held the post until 2013 before joining FGV Group as Senior Vice President of Trading, Marketing, Logistics and Others in 2014.

He was appointed Executive Vice President of the Palm Downstream Cluster in FGV Holdings Berhad, in 2016, and a year later became the Head of Logistics Cluster. He was redesignated as Chief Operating Officer of Logistics & Support Businesses in 2018 and later as the Group Divisional Director of Logistics & Support Businesses Sector in December 2020.

#### Directorship in other public companies:

- Nil





## SYED FEIZAL SYED MOHAMMAD

Group Chief Executive Officer of MSM Malaysia Holdings Berhad

56

years old



Male



**Appointment to the position**

1 February 2021

### Academic/Professional Qualification

- Masters in Business Administration (Executive) from the Charles Sturt University, Australia
- Bachelor of Science in Electrical Engineering from University of Nebraska, Lincoln, USA
- Member of Institute of Corporate Directors Malaysia

### Relevant Experience

With over 32 years of experience in multinational and local conglomerates companies, Syed Feizal had served at various corporate and business sectors including engineering and construction of oil and gas facilities, petrochemicals and industrial process plants, exploration & production, infrastructure (water, transport and power) and trading of agro and industrial commodities (palm oil, rubber, rice and sugar) and hydrocarbons. His experience in various large to mega capital project conceptualisation and development spans several countries and regions including Asia Pacific, South Asia and Middle East.

Previously, Syed Feizal held several senior leadership positions as Chief Executive Officer, Executive Project Sponsor and Board roles, managing large organisations of over 3,000 people in Malaysia. He was also a senior member of Executive Committee overseeing over 7,000 people in Asia Pacific with over 15 subsidiaries across China, SE Asia and Australia.

### Directorship in other public companies:

- Nil



## Group Management Committee Profile



### SITI NORBAYA MOHAMMAD SARIF

Chief Human Resources Officer

56  
years old

Female



Appointment to the position

14 October 2019

#### Academic/Professional Qualification

- Master of Human Resource Development from the University of Hull, UK
- Master of Business Administration from the Arkansas State University (ASU), USA
- Bachelor of Science in Business Administration (Human Resources) Business Management & Human Resources from the ASU

#### Relevant Experience

Siti Norbaya has 30 years of experience in human resources (HR) having served in several companies operating in various industries. She started her career in 1990 as a HR & Admin Executive in PLUS Berhad, before becoming a HR Manager in Sony Technology Malaysia in 1993.

She was a Senior HR Manager in Ericsson Mobile Communications Sdn. Bhd from 2000 to June 2001, and in Flextronics Technology Shah Alam Sdn. Bhd., from July 2001 to January 2003. She later joined the Gamuda Group of Companies and served for approximately three (3) years, before being appointed General Manager of HR in Schenker Logistics Malaysia in October 2004.

She was appointed HR Director for the Malaysian Operations of Western Digital (M) Sdn. Bhd. in May 2007. Prior to joining FGV Holdings Berhad, she was Country HR Director of Freescale (M) Sdn. Bhd. under the umbrella of NXP BV.

#### Directorship in other public companies:

- Nil





## DATO' NAJMUDDIN ABDULLAH

Group Chief Strategic Communication Officer

52  
years old

Male



Appointment to the position

2 March 2020

### Academic/Professional Qualification

- Master of Arts Degree in Economics from the University of Toledo, Ohio, USA
- Bachelor of Arts Degree in Economics from the University of Toledo, Ohio, USA
- Diploma in Public Administration from the Universiti Teknologi MARA, Malaysia

### Relevant Experience

Dato' Najmuddin started his career in Malaysian Resources Corporation Berhad in 1997, before becoming Managing Editor & Head of News of ntv7 between 2001 and 2005. In 2006, he was appointed Head of Marketing in TH Properties Sdn. Bhd. He then joined Celcom Axiata Berhad as Vice President of Corporate Communications, in 2008.

He was appointed Chief Executive Officer of Kontena Nasional Global Logistics Sdn. Bhd. in 2010, before joining Malaysia Airlines in 2013 as Senior Vice President & Head of Strategic Communications.

Prior to joining FGV Holdings Berhad in March 2020, he was Director of Strategic Communications & Stakeholder Relations in Mass Rapid Transit Corporation Sdn. Bhd. from September 2015 to February 2020. He held the role of Acting Chief Executive Officer from December 2018 to January 2019.

He also attended the Advanced Management Programme at the Columbia Business School, New York, USA, and the Accelerating Your Impact Programme for High Potential Leaders, at The Wharton School, University of Pennsylvania, USA.

### Directorship in other public companies:

- Nil



## Group Management Committee Profile



### VINCENT CHUI TEE SUAN

Chief Consumer Products Officer

52  
years old

Male



Appointment to the position

16 July 2020

#### Academic/Professional Qualification

- Bachelor of Science with Honours in Pharmacology from Universiti Kebangsaan Malaysia, Malaysia

#### Relevant Experience

Vincent has nearly 30 years of experience in marketing and product management primarily in food and beverages, non-food, financial and telecommunications industries. He started his career in 1993 as a Sales and Administration Executive at Herbal Link (M) Sdn. Bhd. Between 1995 and 2000, he was the Product Manager at Fonterra Brands (M) Sdn. Bhd. for two years before joining The Boots Company (Far East) Pte Ltd. He then joined S.C. Johnson & Son (M) Sdn. Bhd. in 2000 for six years managing consumer products marketing in Malaysia and Singapore. During his tenure, he has managed household brands like Anlene, Optrex, Glade, Baygon amongst others.

In 2006, he was appointed Senior Manager / Head of Usage for 3G, Roaming & IDD in Maxis Communications Bhd overseeing the Maxis Brand Marketing for Postpaid. He was instrumental in introducing 3G services to the consumers, cross-selling and up-selling the VAS in the postpaid segment within the group.

He later joined Tune Money Sdn. Bhd. in 2007 as the Vice President (Marketing) for financial services, being the first in Malaysia to introduce insurance and pre-paid card products online direct to consumers.

He then returned to the FMCG industry by joining Yeo Hiap Seng (Malaysia) Bhd in 2009 for eight years as the First Vice President overseeing the marketing of consumer products for Malaysia, Brunei and Indonesia. During his tenure, he is instrumental in making Yeo's a younger and relevant brand to the Gen Y or millennials with targeted products and marketing campaigns. Prior to joining FGV Holdings Berhad, he was appointed as the Regional Marketing Director at Lee Kum Kee (Malaysia) Sdn. Bhd. in 2017, managing the regional marketing of consumer products in South East Asia, India, Middle East, and Africa and is instrumental in growing the sauce business in South East Asia.

#### Directorship in other public companies:

- Nil





## ABDUL RAZAK AYA

Head of Integrated Farming

50  
years old

Male



Appointment to the position

1 August 2019

### Academic/Professional Qualification

- Master of Science (M.Sc.) in Plantation Management and Diploma in Agriculture from Universiti Putra Malaysia, Malaysia

### Relevant Experience

Abdul Razak has more than 20 years of experience primarily in strategic and business planning, plantation and estate operations, biotechnology, precision agriculture, biosecurity, plantation land development, as well as occupational safety and health. He also has vast experience in cattle and goat farming, poultry, fisheries/aquaculture, pineapple, herbal and fruits industries through his involvement in government economic regional projects.

He started his career in 1992 as Information Technology Executive in Creative Technology Computer Sdn. Bhd. He later joined the Faculty of Forestry at Universiti Putra Malaysia (UPM) in 1993 as the Satellite Remote Sensing Researcher before joining Johor State Department of Agriculture from 1994 to 1995.

Prior to the merger with Sime Darby, he was appointed Business Development Manager at Golden Hope Plantations Berhad in 1995 where he served for 13 years. Subsequently, he continued with the same portfolio post-merger at what is known today as Sime Darby Plantation Berhad up to 2009.

He was made Senior Manager, Agriculture at East Coast Economic Region Development Council (ECERDC) from 2008 to 2014, before joining Malaysian Agricultural Research and Development Institute (MARDI) as a Permanent Member of the Board of Governors until 2016. He later served as the Vice President in Naza World Holdings Sdn. Bhd. in 2014, overseeing the Agro and Bio Division.

Prior to joining FGV Holdings Berhad, he was the Adjunct Lecturer at Universiti Teknologi MARA (UiTM) in 2019.

He also attended the Executive Leadership Programme at Bond University, Gold Coast Australia, Business Strategy and Supply Chain Management Programme at National University of Singapore and Plantations Management Programme at Golden Hope Academy, Carey Island.

### Directorship in other public companies:

- Nil



## Group Management Committee Profile



### WAN NORMAN NASIR

Head of Group Governance & Risk Management

48  
years old

Male



Appointment to the position

1 May 2019

#### Academic/Professional Qualification

- Master of Business Administration from Nottingham University Business School, UK
- Bachelor of Laws (Honours) from King's College London, UK

#### Relevant Experience

Wan Norman has over 15 years of experience in risk and policy management in the financial industry. He started his career as Legal Officer with Petroliam Nasional Berhad in 1995, before joining Arthur Andersen & Co in 1998 as a Consultant in its Corporate Finance & Advisory Division.

Wan Norman became Manager in the Policy & Portfolio Department in Citibank Berhad from 2002, and had a brief stint in Hong Leong Bank in 2004 as Head of Credit Risk Management. In 2005 he returned to Citibank, holding the position as Cards Risk Head and managing the portfolio to be the largest and best performing in the country. He left Citibank in 2011 to join Al Rajhi Bank Berhad as Retail Risk Head before being appointed Chief Risk Officer of FGV Holdings Berhad in 2015. His role was expanded to include corporate governance functions when he was redesignated as Chief Risk & Governance Officer in 2019.

#### Directorship in other public companies:

- Nil





## NURUL HASANAH AHAMED HASSAIN MALIM

Head of Group Sustainability

41  
years old

Female



Appointment to the position

1 March 2019

### Academic/Professional Qualification

- Certificate in Continuing Professional Development Programme from the University of Glasgow, Scotland
- LLM in Human Rights Law from the University of Nottingham, UK
- LLB (Honours) from the International Islamic University, Malaysia

### Relevant Experience

Nurul Hasanah has 17 years of experience in human rights, law, and policy development. She was with the Human Rights Commission of Malaysia (SUHAKAM) for 15 years, where she started her career as Legal Officer in 2003. She became Head of the Complaints & Inquiries Division in 2006, before heading the National Inquiry Division for two (2) years in 2010. From 2013 till 2015, she was Head of the Research and Policy Development Division and later appointed as the Deputy Secretary of the Policy and Law Working Group in 2015.

She left the Commission in 2018 to join the Earthworm Foundation (formerly known as The Forest Trust), an international non-profit organisation. In Earthworm Foundation, she was the Senior Manager for the Palm Programme on Environment, Social and Human Rights.

She was granted the British Chevening Scholarship in 2009 where she was awarded a Master of Law in Human Rights from the University of Nottingham, UK. In 2006, she was the recipient of the British Chevening Fellowship Award, through which she holds a Certificate in Continuing Professional Development Programme from the University of Glasgow, Scotland. She is also an alumni of the International Visitors Leadership Programme by the Bureau of Education and Cultural Affairs of the US Department of State.

### Directorship in other public companies:

- Nil



## Group Management Committee Profile



### NOR MARHAMAH YAHYA

General Counsel, Group Legal

44  
years old

Female



Appointment to the position

1 August 2019

#### Academic/Professional Qualification

- Bachelor of Laws (Honours) from MARA University of Technology, Malaysia

#### Relevant Experience

Nor Marhamah has more than 18 years of experience as a corporate and commercial lawyer. She began her career as a legal assistant in Messrs. Bustaman in 2002 before becoming Partner in Messrs. M.Y. Nor & Partners in mid-2006. She left practice in June 2008 to become an in-house practitioner by joining Astro Entertainment Sdn. Bhd. as a Senior Legal Executive and rose to become the Assistant Vice President in MEASAT Broadcast Network Systems Sdn. Bhd.

In October 2012, she joined FGV Holdings Berhad's Group Legal Division as a Senior Manager, promoted to General Manager in 2015 before being appointed as General Counsel in August 2019.

#### Directorship in other public companies:

- Nil





## SHAHARIZAN YUNUS

Head of Group Health, Safety & Environment

42  
years old

Male



Appointment to the position

15 November 2019

### Academic/Professional Qualification

- Safety and Health Officer Certificate and Train the Trainer Certificate from NIOSH Malaysia Sdn. Bhd.
- Bachelor (Honours) of Marine Science from the National University of Malaysia

### Relevant Experience

Shaharizan began his career as an Executive in the Occupational Safety Division in NIOSH Malaysia Sdn. Bhd. in 2002. Between May 2004 and December 2008, he worked in Gas Malaysia Berhad (previously known as Gas Malaysia Sdn. Bhd.) and KLCC Urusharta Sdn. Bhd. as a Health, Safety, Environment (HSE) and Quality Executive.

He later joined IGB Corporation Berhad, in December 2008 as Safety & Health Manager, before becoming an Advisor in Occupational Health and Safety in ABB Malaysia Sdn. Bhd. in October 2010.

He was appointed Country HSE Leader by Lloyd's Register (LR) Malaysia & Brunei in November 2011, before moving to RAPID Pengerang Project Package 14 as HSE Manager in May 2017. He joined FGV Holdings Berhad as Manager of the Group HSE Division in July 2018, and was promoted to head the Division in November 2019.

He is a Qualified Internal Auditor for QMS, EMS, OHSAS Management System, and a Qualified Incident Command System Silver Commander.

### Directorship in other public companies:

- Nil



## Group Management Committee Profile



### ZALILY MOHAMED ZAMAN KHAN

Chief Internal Auditor

54  
years old

Female



Appointment to the position

1 March 2012

#### Academic/Professional Qualification

- Fellow of CPA Australia
- Certified Internal Auditor of the Institute of Internal Auditors Inc. (IIA), USA
- Certification in Control Self-Assessment awarded by the Institute of Internal Auditors Inc. (IIA), USA
- Certification in Risk Management Assurance awarded by the Institute of Internal Auditors Inc. (IIA), USA
- Bachelor of Accountancy from the University of South Australia

#### Relevant Experience

Zalily is a Chartered Accountant with the Malaysian Institute of Accountants as well as a Fellow of CPA Australia. She started her career as an external auditor in Arthur Andersen & Co in 1990 and has since accumulated over 30 years of experience in internal and external audit as well as finance function.

She joined Sapura Telecommunications Bhd. in 1994 as its Group Finance Manager where she led the finance function of four subsidiaries involved in distribution of the four largest brands of mobile phones and other telecommunication equipment and paging services. Here she was involved in setting up fast moving distribution systems and led the implementation of SAP for the companies under her portfolio.

She joined Golden Hope Plantations Berhad in 2000 as Deputy General Manager of the Internal Audit Department, where she also covered Negara Properties Berhad, a listed subsidiary of Golden Hope Plantations Berhad which was in property development. After the merger of Golden Hope Plantations Berhad with Kumpulan Guthrie Berhad and Sime Darby Berhad in 2007, she was appointed Vice President of the Group Corporate Assurance Department for the Plantation Division in Sime Darby Berhad.

Subsequently, she became General Manager and Head of Group Internal Audit in Boustead Holdings Berhad, which entailed coverage of the internal audit functions of three (3) listed companies in various diversified industries, i.e. UAC Berhad which was in building materials, Boustead Heavy Industries Berhad which was in shipbuilding and Pharmaniaga Berhad, which was in pharmaceutical. She joined FGV Holdings Berhad in 2012 and in this role also covers internal audits for MSM Malaysia Berhad, another listed subsidiary of FGV that is involved in the sugar industry.

#### Directorship in other public companies:

- Nil





## KOO SHUANG YEN

Company Secretary

58  
years old

Female



Appointment to the position

30 June 2014

### Academic/Professional Qualification

- Associate member of the Chartered Institute of Management Accountants, UK

### Relevant Experience

Koo Shuang Yen is a Chartered Accountant by training and has almost 30 years of experience in finance, accounting and corporate secretarial practice, including a diverse range of corporate exercises such as listings, joint ventures and mergers & acquisitions.

She was the Company Secretary of Felda Holdings Berhad and its Group of Companies from 1995 to 2012. Simultaneously, she held several other roles in various companies within Felda Holdings Berhad Group. She was Head of Finance in Felda Engineering Services and Felda Enterprises Sdn. Bhd., from 1991 to 2006 and from 2007 to 2008, respectively. In 2009, she was made Group Accountant of the Downstream Division in Felda Holdings Berhad, and then Senior General Manager of Group Finance in 2011.

She was appointed Company Secretary for MSM Malaysia Holdings Berhad and its Group of Companies in 2011, a position she holds till today. After the listing of FGV Holdings Berhad in 2012, she took on the role of Head of Cluster & Accounting Unit, from 2013 to August 2016, and was also Head of Budgeting Unit from 2015 to August 2016. In July 2016, she was appointed Senior Vice President of the Group President/Chief Executive Officer's Office in FGV Holdings Berhad.

### Directorship in other public companies:

- Nil





# CORPORATE GOVERNANCE

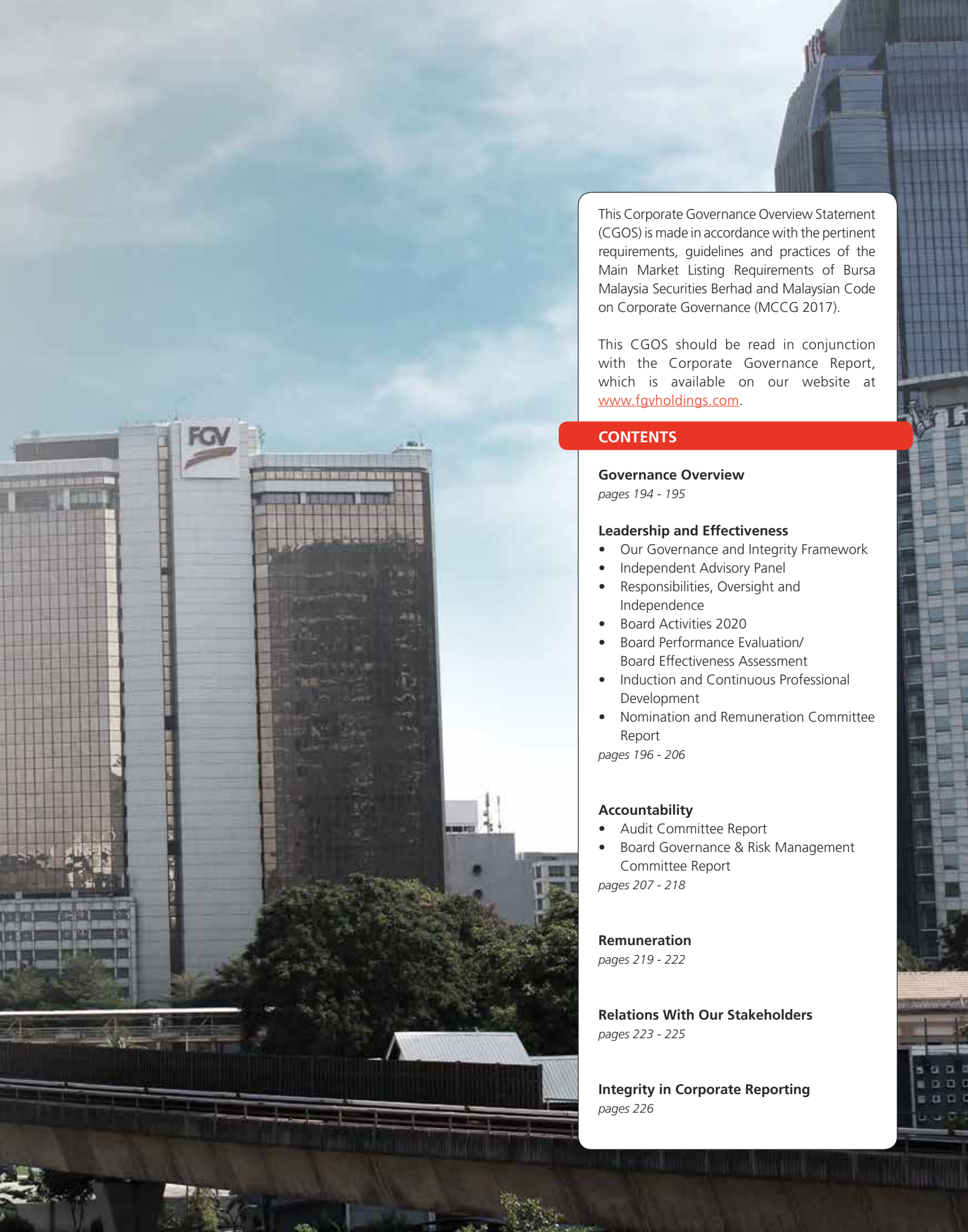
# OVERVIEW STATEMENT

"The Board upholds integrity and transparency in how FGV is governed and conducts its businesses. We are an engaged and consultative Board committed to serve in the best interest of FGV. Our decision-making is based on expert knowledge, reliable data, and sound understanding of the risks and ramifications. Shortfalls and issues are recognised as lessons to move the Group forward on a progressive growth path.

The Board will not tolerate self-serving decisions in any permutation, or failure to comply with our legal obligations or internally mandated high standards of ethical behaviour".

**DATUK WIRA AZHAR ABDUL HAMID**  
Chairman





This Corporate Governance Overview Statement (CGOS) is made in accordance with the pertinent requirements, guidelines and practices of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance (MCCG 2017).

This CGOS should be read in conjunction with the Corporate Governance Report, which is available on our website at [www.fgyholdings.com](http://www.fgyholdings.com).

## CONTENTS

### Governance Overview

pages 194 - 195

### Leadership and Effectiveness

- Our Governance and Integrity Framework
- Independent Advisory Panel
- Responsibilities, Oversight and Independence
- Board Activities 2020
- Board Performance Evaluation/ Board Effectiveness Assessment
- Induction and Continuous Professional Development
- Nomination and Remuneration Committee Report

pages 196 - 206

### Accountability

- Audit Committee Report
- Board Governance & Risk Management Committee Report

pages 207 - 218

### Remuneration

pages 219 - 222

### Relations With Our Stakeholders

pages 223 - 225

### Integrity in Corporate Reporting

pages 226



# Governance Overview

**THE BOARD IS PLEASED TO PRESENT THE CGOS THAT PROVIDES A SUMMARY OF FGV'S CORPORATE GOVERNANCE PRACTICES DURING THE FINANCIAL YEAR 2020 WITH REFERENCE TO THE THREE (3) PRINCIPLES OF MCCG 2017:**



The Board advocates the observance of high standards of corporate governance for FGV to sustain growth in the fast evolving corporate environment. This has become even more compelling in the increasingly competitive, challenging and demanding business landscape.

As a public listed company, FGV is obligated to deliver sustainable value to diverse stakeholders. It is thus contingent upon the Group to hold itself up to uncompromising corporate governance practices that conform with stakeholder expectations.

## THE BOARD

The current size of nine (9) Board members is appropriate to the size and diversity of FGV Group's operations. There is also a good mix of skills as the five (5) independent directors bring in added value in specific areas namely plantation (upstream), finance, corporate governance, business management, agronomy, consulting, sustainability and downstream. FGV has also exceeded the recommended 30% women representation on the Board.

The Board's focus during the year had been to increase the pace of FGV's strategic plan focusing on operational improvements and strengthening governance and accountability as well as addressing the COVID-19 crisis. The delivery of our business strategy has continued to be challenging, due to the ongoing uncertainty resulting from the COVID-19 pandemic. Nevertheless, the Board remains confident in the strength of FGV's strategic plan and in management's ability to accelerate this beyond the current crisis.

The role of the Board is to create long term sustainable value for the benefit of our shareholders and stakeholders. To achieve this, it is vital that we have a robust corporate governance framework which provides systems of check and controls to ensure accountability and promotes sound decision making on the Group's Business Plan. In addition, the Board conducts a review, constructively challenged and approved on the Group's overall Business Plan.

## CORPORATE LIABILITY

FGV has taken appropriate actions in the light of the recent amendment to the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009) which took effect on 1 June 2020 that imposes corporate liability on companies in the event of failure to prevent bribery and corruption. FGV Directors have been briefed on the requirements of Section 17A MACC Act 2009.

## CORPORATE CULTURE

The Board has set the 'tone at the top' in directing FGV's culture and values by continuing to embrace FGV's core values : Pride, Respect, Integrity, Dynamism, Enthusiasm (P.R.I.D.E.).

One of the key strategic thrusts in FGV's Business Plan is to improve human capital capabilities to drive the business forward. Creating the desired corporate culture requires the right people with the ability to practise and demonstrate the FGV's core values P.R.I.D.E.

In the effort to build a high performing organisation, the Group has incorporated the P.R.I.D.E core values into the Leadership Competencies for 2020 Performance Management System (PMS) Framework where demonstration of the required leadership competencies, behaviour and values account for 40% of the PMS Score.

It is hoped that with this corporate culture, FGV Group will be able to strengthen its corporate governance practices and drive behaviours consistent with FGV's purpose, values and strategy.



## GOVERNANCE AND INTEGRITY FRAMEWORK

The Board is responsible for reviewing the adequacy and integrity of the Group's management information and internal control system. Above all, it must ensure the presence of an effective corporate governance and integrity framework to oversee the governance process to be in line with external regulators and best practices.

As a listed entity, FGV continues to embed a governance and integrity framework that goes beyond an interest in governance for its own sake or the need to comply with the requirements. For this, we have adopted an integrated Group-wide approach that strives with continuous improvements and strengthening of governance structures and processes across the Group and its subsidiaries. We will also be continuously evaluating our governance practices in response to evolving best practices and the changing needs of FGV.

With sustainability considered a high level priority for FGV, the Board established an Independent Advisory Panel (IAP) in 2019 comprising of global experts tasked on advising the Board on world class sustainability management standards and expectations, especially with regard to RSPO certification, human rights and environment protection. Details of FGV's sustainability initiatives can be found in Section 4 of this report.

## STAKEHOLDER ENGAGEMENT

FGV regularly engages with its stakeholders to address concerns faced by them. We are committed to strengthening ties with our stakeholders as we strive to meet their needs and continue to deliver value in our sustainability journey.

Maintaining dialogue with all of our stakeholders has been a key focus of the Board. Through our Chairman's letter to shareholders, press releases and stakeholder engagements, we have ensured that all our stakeholders are informed on FGV's strategic shift towards becoming one of the leading international agri-business players. Our Annual General Meeting also provides shareholders with another valuable opportunity to communicate with us.

Further details on stakeholder engagement can be found on pages 82 to 84 and pages 223 to 225 of this report.

## APPLICATION OF MCCG 2017

For FY2020, FGV has applied the principles and practices of the MCCG 2017 and also adopted Step Up practices, with the exception of Practice 12.1, Step Up 7.3 and Step Up 8.4. Kindly refer pages 259 to 261 of this report.

### Step Up 7.3

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis


### Step Up 8.4

The Audit Committee should comprise solely of Independent Directors

### Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting

In light of the Government of Malaysia's pronouncement of the Movement Control Order aimed at curbing the spread of COVID-19, the Securities Commission's Guidance Note on the Conduct of General Meetings for Listed Issuers and having regard to the well-being and the safety of our shareholders, FGV had applied Practice 12.3 by leveraging technology to facilitate voting in absentia and remote shareholders' participation for its fully virtual Annual General Meeting held on 19 June 2020. Full details on how we applied the principles and practices of the MCCG 2017 and also adopted the Step Up practices can be found in our Corporate Governance Report, which is available on our website at

 [www.fgvholdings.com](http://www.fgvholdings.com)

## RECOGNITION

FGV's commitment to observing high standards of transparency and accountability gained international recognition. In the year under review, FGV won the Best Corporate Governance (Malaysia) award from World Finance, a London-based business magazine with global reach.



# How We Are Governed: Leadership & Effectiveness





## CENTRES

EXTERNAL  
REGULATORS &  
BEST PRACTICES

## REGISTERED COMPANY

- Companies Commission of Malaysia (CCM)
- Companies Act 2016

## PLANTATION COMPANY

- Malaysian Palm Oil Certification Council (MPOCC)
- Malaysian Sustainable Palm Oil Certificate (MSPO)
- Roundtable on Sustainable Palm Oil (RSPO)

## PUBLIC LISTED COMPANY

- Bursa Malaysia Securities Berhad (Bursa Securities)
- Main Market Listing Requirements (Listing Requirements)
- MCCG 2017

## FUNCTIONS



## GOVERNANCE REQUIREMENT

## INDEPENDENT ADVISORY PANEL

The Board of Directors of FGV approved the establishment of its IAP in November 2019. The IAP reports directly to the Board, and offers it guidance and recommendations towards achieving FGV's aspirations to become a leader in good corporate governance and sustainable business practices. The IAP's advisory role will complement FGV's existing efforts towards fulfilling its commitments as a responsible corporate entity.

- **Dato' Seri Ahmad Johan bin Mohammad Raslan**  
Independent Chairman
- **Datuk Dr Glen Reynolds**  
Independent Member
- **Rikke Jarvard Netterstrom**  
Independent Member
- **Datuk Wira Azhar Abdul Hamid**  
Non-Independent Member
- **Dato' Yusli Mohamed Yusoff**  
Non-Independent Member

## Meetings held in FY2020

- Three (3) official IAP meetings
- Four (4) meetings with selected Board of Directors
- Six (6) meetings amongst the Independent Members of the IAP
- 16 meetings with selected members of the Senior Management

## Reports Submitted to the Board of FGV

- Independent Members' views on legal action against the RSPO, dated 30 July 2020
- Recommendations of the IAP, dated 29 August 2020
- FGV's India Project – Advice of the Independent Members of the IAP, dated 22 October 2020
- US CBP WRO issues – Advice of the Independent Members of the IAP, dated 3 November 2020

## Key Matters Discussed

- FGV's strategy, potential new markets and transformation efforts
- Effectiveness, risks and gaps in FGV's sustainability initiatives and opportunities to tap on
- People and culture strategy
- Governance, risk and compliance structures and best practices
- Building a trusted WB mechanism for the Group
- Strengthening the independence of Internal Audit and its safeguards
- Opportunities for better business reporting



## How We Are Governed: Leadership & Effectiveness

### RESPONSIBILITIES, OVERSIGHT AND INDEPENDENCE

#### BOARD CHARTER

The Board Charter sets out the role, composition and responsibilities of the Board of Directors of FGV. This also includes key values, principles and ethos of the company.

The Board Charter aims to guide FGV's Board in its stewardship role of the Group based on the Listing Requirements of Bursa Securities and the Companies Act 2016. In addition, it recognises and aims to adopt better practices and guidance from MCCG 2017, Bursa Securities' Corporate Governance Guide 2017, and other rules and regulations from time to time for best practices.

The Board Charter was last reviewed on 17 November 2020 to incorporate the requirements of the new guidelines issued by Securities Commission (SC) on conduct of Directors of listed issuers and their subsidiaries.

The Board Charter is available on our website, [www.fgvholdings.com](http://www.fgvholdings.com).

#### BOARD ROLES AND RESPONSIBILITIES

The Board is responsible for the overall conduct of the Group's business and has the powers and duties set out in the Board Charter. Broadly, the Board:

1. Reviews and adopts a sustainable Strategic Plan for the Group's business.
2. Oversees the conduct of the Group's business.
3. Identifies principal risks and ensures the implementation of appropriate internal controls and mitigation measures.
4. Reviews succession planning, appointments of Board Members, Board Committee Members and Key Senior Management.
5. Oversees the development and implementation of Investor Relations programmes and Shareholders Communication Policy.
6. Reviews the adequacy and the integrity of the management information and internal controls systems of the Group, including systems for compliance with applicable laws, regulations, rules, directives, guidelines, governance and integrity framework.

The full details of the Board's roles and responsibilities are stated in the Board Charter available on our website, [www.fgvholdings.com](http://www.fgvholdings.com).

#### FORMALISED ETHICAL STANDARDS

In discharging its responsibilities, the Board observes the principles of ethical conduct as contained in the FGV Code of Ethics and Conduct (CoEC) and FGV Code of Business Practice (CoBP) for Directors. The Directors' CoEC and CoBP outlines the ethical standards of behaviour and conduct expected from all Directors of FGV Group. All Directors have given their commitment to comply with the Directors' CoEC and CoBP through a signed declaration. The Directors' CoEC and CoBP are made available to the Directors and are also published on our website. FGV also has in place a Code of Business Conduct and Ethics for employees.

#### MATTERS FORMALLY RESERVED FOR THE BOARD

The Board has collective responsibilities for promoting the long-term sustainability and success of the Group by providing entrepreneurial leadership within a framework of prudent and effective controls. In doing so, the Board commits to high standards of integrity and ethics. Specific matters reserved for the Board's consideration and decision include:

1. Matters on the appointments of the Board, Board Committees, the GCEO and Key Senior Management.
2. Matters on the remunerations of the Board, Board Committees, the GCEO and Key Senior Management.
3. Matters on the strategic plans, investments, divestments, delegation of authorities and any major changes in the strategic directions of the Group.
4. Matters on the annual budgets, Financial Statements, Quarterly Results, dividends, matters related to managing risks and controls and financial decisions.

#### AUTHORITY LIMITS

The Board's delegation of powers to the Board Committees and the GCEO is aligned with the Board Charter, which sets out the approved Group's Limit of Authorities (LOA). The limits establish a sound framework of authority and accountability within the Group, including segregation of duties, which facilitates timely, effective and quality decision making at the appropriate levels in the Group's hierarchy.



## RESPONSIBILITIES, OVERSIGHT AND INDEPENDENCE

### BOARD COMMITTEES

While the Board maintains a schedule of key matters that are reserved for their decision, the Board discharges some of their responsibilities through delegation to Board Committees.

All Board Committees operate within clearly defined Terms of Reference, primarily to assist the Board in discharging its responsibilities whilst the ultimate responsibility for the final decision lies with the full Board. The Board Committees bring an increased focus on key areas and probe them more deeply, thereby gaining a greater understanding of the details.

The Board currently has five (5) main Board Committees as follows :

1. Nomination and Remuneration Committee;
2. Audit Committee;
3. Board Governance & Risk Management Committee;
4. Investment Committee; and
5. Board Tender Committee.

The Nomination and Remuneration Committee Report, Audit Committee Report and Board Governance & Risk Management Committee Report can be found at pages 204 to 218 of this report.

The Investment Committee is tasked with ensuring investments undertaken are aligned to the Group's objectives, vision and overall risk appetite while the Board Tender Committee is tasked with reviewing, monitoring and recommending to the Board significant matters related to procurements of the Group in line with FGV's prevailing Group's Limit of Authorities.

All deliberations and decisions taken by the Board Committees are documented and recommended by the respective Board Committees prior to submission as Board papers for deliberation at Board meetings. The Chairs of the Board Committees provide reports on the activities of their Committees at the next Board meeting, and recommendations from the Committees are presented to the Board where appropriate.

### GCEO

The Board reviews the Board Committees' authorities and Terms of Reference from time to time to ensure their relevance.

The Terms of Reference of the Board Committees (Audit Committee, Nomination and Remuneration Committee, Board Governance & Risk Management Committee, Board Tender Committee and Investment Committee) are available on our website, [www.fgvholdings.com](http://www.fgvholdings.com).

The Board Committees' composition and the record of their attendance can be found on page 165 of this report.

The Board delegates the execution of strategy, operations and the day-to-day management of the Group to the GCEO. The GCEO reports directly to the Board.

The GCEO is responsible for implementing the programmes to achieve the Company's and the Group's goals and vision for the future, in accordance with the strategies, risk appetite, policies, programmes and performance requirements approved by the Board. The GCEO's primary objective is to seek and achieve the ongoing success of the Group through being responsible for all aspects of the management and development of the Group. The GCEO is of critical importance to the Group in guiding the Group to develop new and imaginative ways of winning and conducting a well governed business and must possess industry knowledge and credibility to fulfil the requirements of the role.

There is a clear division of responsibilities between the Chairman of the Board and the GCEO.

The full details of the Chairman's and the GCEO's responsibilities are stated in the Board Charter available on our website, [www.fgvholdings.com](http://www.fgvholdings.com).

### GROUP MANAGEMENT COMMITTEE

In addition to the principal Board Committees, the Board has also delegated some responsibilities to the Group Management Committee (GMC). These include administrative matters and the approval of items where the Board has already approved the overarching principle.



The composition of the Board Committees and the record of their attendance can be found on page 165 of this report. Their Terms of Reference can be found on our website, [www.fgvholdings.com](http://www.fgvholdings.com).



The composition of the GMC and full details of the GMC's duties and responsibilities are stated on pages 176 - 191 of this report.



## How We Are Governed: Leadership & Effectiveness

### BOARD ACTIVITIES 2020

#### WHAT THE BOARD DID THIS YEAR

Board activities are structured to approve, oversee, and support executive management in the delivery of the Group's strategy within a transparent governance framework. Key matters considered by the Board and highlighted to the Board in 2020 were as follows:

#### Strategy, Risk and Sustainability

- COVID-19 Impact Analysis.
- Strategic Blueprint for FGV.
- FY2021 Budget and 3-year Strategic Plan (Business Plan) focusing on operational improvements and strengthening the governance and accountability in line with FGV's status as a public listed company.
- FY2020 Key Performance Indicators (KPI) for GCEO.
- FY2020 KPI for Senior Management.
- Revision of organisation structure.
- Quarterly report on risks covering the Group's top 10 risks, Risk Appetite Statement, key risks beyond the risk register, project, emerging and reputational risks.
- Quarterly report on sustainability updates and key initiatives.
- US Customs and Border Protection (US CBP) Withhold Release Order (WRO) against FGV, its subsidiaries and joint venture companies on palm oil and palm oil products.
- Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil Certificate (MSPO) certifications.
- Reports on the traceability of fresh fruit bunches.

#### Investments and Divestments

- Rationalisation and action plans for non-core and non-performing businesses.
- Divestment, liquidation and striking-off of non-core and non-performing subsidiary and joint venture companies.
- Joint Venture Agreement and Memorandum of Understanding.
- Restructuring of FGV subsidiaries
- Integrated Farming and consumer products businesses.
- Evaluation of the expression of interest by Perspective Land (M) Sdn. Bhd. to become the single largest shareholder of FGV via an injection of plantation assets into FGV for share consideration.
- Assessment and official statement by FGV on Federal Land Development Authority's (FELDA) potential plan to terminate the Land Lease Agreement (LLA).
- Unconditional Mandatory Take-Over Offer by FELDA through Maybank Investment Bank Berhad to acquire all the remaining ordinary shares in FGV (FGV Shares) (excluding treasury shares) which are not already held by FELDA and the persons acting in concert with it including all FGV Shares under FGV's Long Term Incentive Plan (LTIP) for a cash consideration of RM1.30 per offer share.

#### Succession Planning, Appointments, Remuneration and Others

- Revised PMS Framework – incorporated the P.R.I.D.E core values into the Leadership Competencies where demonstration of the required leadership competencies, behaviour and values account for 40% of the PMS Score (corporate culture).
- Performance management effectiveness – introduction of feedback and coaching mechanism.
- Cost savings initiatives - 20% reduction of Board fees and Senior Management's car allowance from July-December 2020 and 6.67% reduction of Senior Management's basic salary due to two-day unpaid leave per month from July to December 2020.
- Remuneration and benefits of employees of FGV Group - employee cost rationalisation and medical benefits (shifting employee focus from medical treatment to preventive health and wellness).
- Full Time Equivalent Study.
- Implementation of Minimum Wages Order 2020.
- Succession Planning of Senior Management.
- Board Performance Evaluation/Board Effectiveness Assessment.
- Annual assessment on the independence of the Independent Directors.
- Revision of composition of the Board Committees.
- Appointment of Government Appointed Directors and Non-Independent Non-Executive Director representative of Major Shareholder.
- Redesignation of Dato' Yusli Mohamed Yusoff as Deputy Chairman and his monthly allowance as the Deputy Chairman.
- Appointment of Nominee Directors in FGV Group and Nominee Directors of Koperasi Permodalan Felda Malaysia Berhad in FGV Group.
- Appointment of Senior Management.
- Re-election of FGV Directors.
- Annual fees for Board and Board Committees.
- Performance bonus payout and merit payout to employees of FGV Group.
- Salary increment for employees of FGV Group.
- Salary adjustment of Senior Management.
- Vesting of restricted shares under the LTIP to Senior Management.
- Vesting of performance shares under the LTIP to employees of FGV Group.



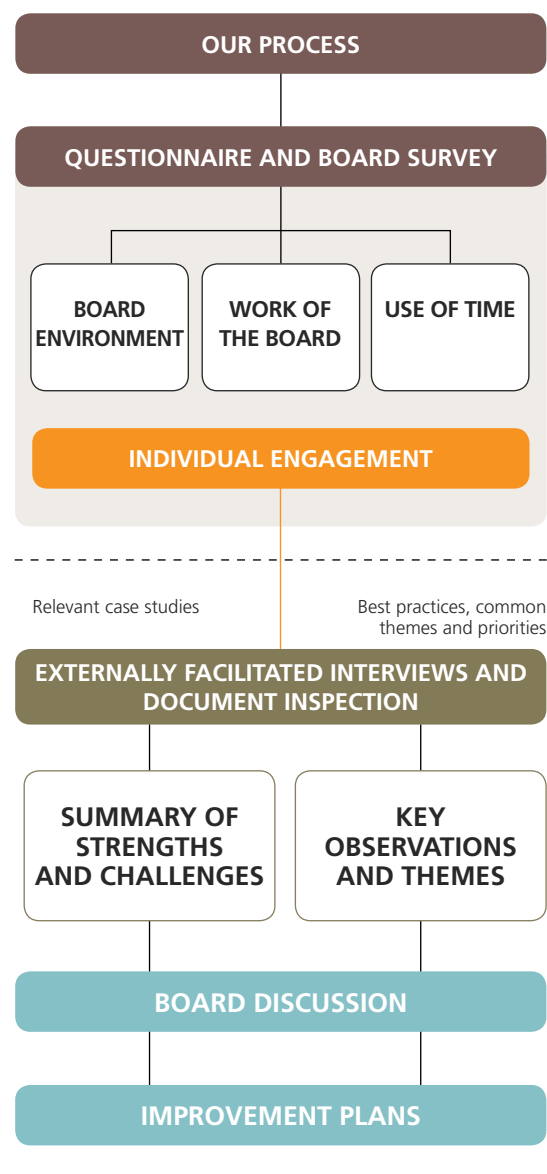
## Governance

- Adoption of Securities Commission's Guidelines on the conduct of Directors of listed issuers and their subsidiaries.
- Revision of FGV Board Charter
- Revision of IAP's Terms of Reference and approval of budget for payment of fees for IAP members as well as all expenses related to the operations of IAP.
- Revision of Group's Limit of Authorities (LOA), Group Human Capital Policies, Whistleblowing Policy, Group Sustainability Policy, Group Procurement Policy and External Gift, Entertainment and Hospitality Policy.
- Effectiveness of the Management of Classified Document Policy.
- Establishment of External Tender Participation Policy.
- Revision of Anti-Bribery Management Systems Manual as well as Corporate Governance and Business Integrity Blueprint: FGV Anti-Corruption Plan.
- Key highlights of the meeting between the Malaysian Anti-Corruption Commission (MACC) and Head of Group Governance & Risk Management
- Schedule of FGV Board Meetings for the year 2021.
- Integrity compliance analysis 2019 and recommended actions.
- Status of compliance to MCCG 2017
- Material litigation updates within the Group.
- Internal investigations
- Forensics and associated processes related to the Group's past investments.

## Financial

- Audited Financial Statements for FYE 31 December 2019 together with the Directors' and Auditors' Report.
- Quarterly report on consolidated results.
- Quarterly report on FGV Group's recurrent related party transactions
- Re-appointment of external auditor for FY2020.
- Audit fees for FGV Group for FY2020.
- Non-audit services provided by PricewaterhouseCoopers PLT.
- Final dividend for the FYE 31 December 2019.
- FGV Group's financial performance against budget and key performance targets.
- 2020 cost saving measures for FGV Group.
- Circular to shareholders on proposed renewal of shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature for FGV Group.
- FGV Annual Integrated Report 2019 including the Chairman's Statement, GCEO's Message, Management Discussion & Analysis, CGOS, Corporate Governance Report, Board Committees' Reports, Statement on Risk Management and Internal Control and Sustainability Statement.
- FGV Sustainability Report 2018/2019.

## BOARD PERFORMANCE EVALUATION/ BOARD EFFECTIVENESS ASSESSMENT



The Board Performance Evaluation/Board Effectiveness Assessment (BEA) 2020 concluded that the Board is cohesive, well balanced, focused, disciplined, highly competent and is helmed by a capable Chairman. More information on the BEA process can be found in the Corporate Governance Report on our website [www.fgvholdings.com](http://www.fgvholdings.com).



## How We Are Governed: Leadership & Effectiveness

### INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

An induction programme is conducted for newly appointed Directors via a briefing by the GMC members to provide Directors with the necessary information to assist him or her in understanding the operations of the Group, current issues and corporate strategies, as well as the Management structure of the Group. All Directors have attended and successfully completed the Mandatory Accreditation Programme as under the Bursa Securities Listing Requirements.

All Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to enhance their skills and knowledge, and to ensure Directors keep abreast with new developments and legislation affecting the business. On an on-going basis, FGV identifies conferences and seminars that are beneficial for the Directors to attend. FGV provides a dedicated training budget for Directors' continuous development.

During the year 2020, the Directors attended the following training programmes:

#### TRAINING PROGRAMMES ATTENDED BY THE BOARD IN 2020

##### DATUK WIRA AZHAR ABDUL HAMID

- Briefing on Roundtable on Sustainable Palm Oil (RSPO) Findings and Directives – In-house Programme, FGV.
- Advance Risk Management – Institute of Corporate Directors Malaysia (ICDM).
- Beyond Brexit: A New Emerging Landscape – Opportunities for Collaboration – Kuala Lumpur Business Club.
- Pre-industry Engagement on MPOB Strategic Direction – Malaysian Palm Oil Board (MPOB).
- Malaysian Financial Reporting Standards – PricewaterhouseCoopers PLT.

##### DATO' YUSLI MOHAMED YUSOFF

- Anti-Bribery Management System – Mudajaya Group Bhd.
- How to be an Effective Non-Executive Director in a Disruptive World – ICDM.
- Briefing on Section 17A Malaysian Anti-Corruption Commission Act 2009 – KPJ Healthcare Berhad.
- Briefing on Private Healthcare Facilities & Services Act 1998 – KPJ Healthcare Berhad.
- Corporate Governance and Ethics - Graduate for the Corporate Sector – Universiti Utara Malaysia.
- The Clear and Present Risks Facing Organisations Under COVID-19 – Malaysian Alliance of Corporate Directors & Federation of Public Listed Companies.
- What are the Temporary Relief Measures for Listed Issuers During the COVID-19 pandemic – ICDM.
- Shipping and Cargo Trends and Sustainability Requirement for Ports - Westports Holdings Bhd and Ocean Shipping Consultants of Royal Haskoning.
- COVID-19 and the Future of Business – Universiti Kebangsaan Malaysia.
- Malaysian Financial Reporting Standards – PricewaterhouseCoopers PLT.
- Board Visit to FGV Downstream Plant in East Coast, Pahang – In-house Programme, FGV.

##### DATO' AMIRUDDIN ABDUL SATAR

- Induction Programme – In-house Programme, FGV.

##### DATUK MOHD ANWAR YAHYA

- Advance Risk Management – ICDM.
- Anti-Bribery & Corruption System – Fraser & Neave Holdings Berhad.
- Digital Power for Consumer Business – Ernst & Young.
- Global Geo Political Trends – KPMG & Eurasia Group.
- 5<sup>th</sup> Shariah Discourse – Management & Leadership Guidance from the Seerah of Prophet Muhammad - Maybank Islamic Berhad.
- Annual Board Risk Workshop (ABRW) 2020 – Maybank Islamic Berhad.
- Bank Negara Malaysia (BNM) - FIDE Form Annual Dialogue with Governor of BNM – FIDE.
- Malaysian Financial Reporting Standards – PricewaterhouseCoopers PLT.
- Board Visit to FGV Downstream Plant in East Coast, Pahang – In-house Programme, FGV.



## TRAINING PROGRAMMES ATTENDED BY THE BOARD IN 2020

### DR. MOHAMED NAZEEB P.ALITHAMBI

- Briefing on RSPO Findings and Directives – In-house Programme, FGV.
- Advance Risk Management – ICDM.
- Virtual Palm and Lauric Oils Price Outlook Conference & Exhibition 2020 (Virtual POC 2020) – Bursa Malaysia Derivatives Berhad.
- Malaysian Financial Reporting Standards – PricewaterhouseCoopers PLT.
- Board Visit to FGV Downstream Plant in East Coast, Pahang – In-house Programme, FGV.

### DATIN HOI LAI PING

- Briefing on RSPO Findings and Directives – In-house Programme, FGV.
- Advance Risk Management – ICDM.
- COVID-19 and Current Economic Reality and Implications for Financial Stability – FIDE.
- Risks: A Fresh Look from the Board's Perspective – FIDE.
- Value Creation in Disruptive Times – ICDM.
- Reinforcing Digital Business: Accelerating Growth Amid Turmoil – World Islamic Economic Forum.
- Climate Action : The Board's Leadership in Greening the Financial Sector – FIDE.
- Green Fintech : Ping An's Journey to Becoming a Top ESG Performing Financial Institution – FIDE.
- Malaysian Financial Reporting Standards – PricewaterhouseCoopers PLT.
- Board Visit to FGV Downstream Plant in East Coast, Pahang – In-house Programme, FGV.

### DR. ZUNIKA MOHAMED

- Induction Programme – In-house Programme, FGV.
- Mandatory Accreditation Programme – The ICLIF Leadership and Governance Centre.
- Malaysian Financial Reporting Standards – PricewaterhouseCoopers PLT.
- Malaysia's Sustainable Development – The Decade for Action, Jeffrey Sachs Center on Sustainable Development, Sunway University.
- Pembangunan Mampan Harapan Generasi Masa Depan – Jabatan Perangkaan Malaysia.
- 2030 Agenda: Bridging the Nations for a Better Global Sustainability – Jabatan Perangkaan Malaysia.

### DATO' SHAHROL ANUWAR SARMAN

- Induction Programme – In-house Programme, FGV.
- Malaysian Financial Reporting Standards – PricewaterhouseCoopers PLT.
- Bengkel Hala Tuju Lebuhraya – Kementerian Kerja Raya Malaysia (KKR), Selangor
- Sesi Perkongsian Ilmu Sektor Pelaburan Siri 1/2020 – Government Investment Companies Division (GIC), Auditorium Ministry of Finance (Incorporated) (MoF)
- Bengkel Investment Policy Statement dan Corporate Governance Guidelines & Voting Policy Bil. 6/2020 – Pertubuhan Keselamatan Sosial (Perkeso).

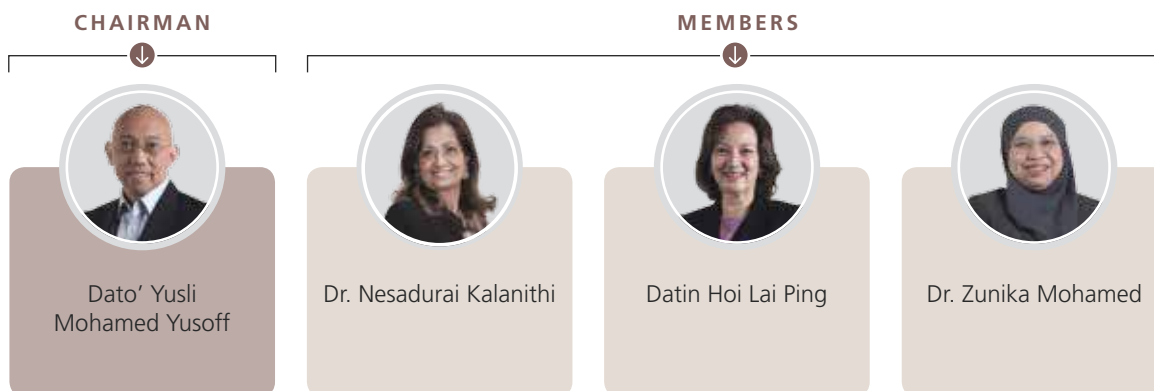
### DR. NESADURAI KALANITHI

- Briefing on RSPO Findings and Directives – In-house Programme, FGV.
- Advance Risk Management – ICDM.
- Webinar: Future of Palm in India – SEA of India and Globoil.
- Focus Group Discussion with Industry Associations and Professional Bodies Group – Bursa Malaysia Berhad.
- World Bank Group - Invitation to Informal Online Discussion – World Bank Group.
- Climate Governance Malaysia Showcase – ICDM.
- Governance of the Impending Climate Crisis – PETRONAS.
- Webinar: APPGM-SDG Multi-Stakeholder Conversation, Build Back Better for Health Resilience and Sustainability, Corporate Malaysia's and Global Proposals for Post COVID-19 Recovery – Climate Governance Malaysia.
- The New Future for Sustainable Land Use Mechanisms and Nature Protection – British High Commission Kuala Lumpur.
- Webinar: Is COVID-19 a Bull or a Bear for Vegetable Oils – Indian Vegetable Oil Producers Association.
- Malaysian Financial Reporting Standards – PricewaterhouseCoopers PLT.
- Board Visit to FGV Downstream Plant in East Coast, Pahang – In-house Programme, FGV.
- Primer on Climate Governance – Climate Governance Malaysia.



## How We Are Governed: Leadership & Effectiveness

### NOMINATION AND REMUNERATION COMMITTEE REPORT



The Nomination and Remuneration Committee comprises exclusively of Non-Executive Directors and majority are Independent Directors. The Chairman of the Nomination and Remuneration Committee is an Independent Non-Executive Director. The Board believes that the current Nomination and Remuneration Committee's composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to meet the needs of the Group.

The Nomination and Remuneration Committee held five (5) meetings in 2020.

FGV has in place a Board Nomination and Election Policy and Procedures to enhance, clarify and formalise its policies on Board Composition, Independence, Conflict of Interest and Board Assessment (Policy). The policy on Board Composition has taken into account the mix of skills, independence and diversity required to meet the needs of the Group.

Further explanation of this Policy together with the Board nomination and election process and the selection criteria used by the Nomination and Remuneration Committee is published in the

Corporate Governance Report, which is available on our website, [www.fgvholdings.com](http://www.fgvholdings.com). The Board performance evaluation process for the Board as a whole, its Committees and contributions from each individual Director, together with the criteria used for such assessment are also described in detail in the Corporate Governance Report available on our website.

The process flow of the said assessment can be found on page 201 of this report.

The composition of the Nomination and Remuneration Committee for FY2020, including the name, designation (indicating the Chairman and members as well as indicating whether the Directors are independent or otherwise) together with the number of Nomination and Remuneration Committee meetings held during FY2020 and details of attendance of each Nomination and Remuneration Committee member can be found on page 165 of this report.



Further details of the Nomination and Remuneration Committee's Terms of Reference are published on our website at [www.fgvholdings.com](http://www.fgvholdings.com). This Report should be read in conjunction with our Corporate Governance Report, also available on our website.

### Summary of Work

In 2020, the Nomination and Remuneration Committee undertook the following principal activities in discharging its responsibilities:

AREA OF FOCUS	MATTERS CONSIDERED
Nomination and Election Process and Appointment and Reappointment/ Re-election Process	<ol style="list-style-type: none"> <li>Appointment of Government Appointed Directors and Non-Independent Non-Executive Director, representative of Major Shareholder.</li> <li>Redesignation of Dato' Yusli Mohamed Yusoff as Deputy Chairman.</li> <li>Appointment of Nominee Directors in FGV Group and Nominee Directors of Koperasi Permodalan Felda Malaysia Berhad in FGV Group.</li> <li>Assessed and recommended to the Board on the re-election of Directors.</li> <li>Revision of composition of the Board Committees.</li> <li>Appointment of Senior Management.</li> </ol>



AREA OF FOCUS	MATTERS CONSIDERED
<b>Remuneration Matters</b>	<ul style="list-style-type: none"> <li>a. Assessed the implementation of Minimum Wages Order 2020.</li> <li>b. Cost savings initiatives - 20% reduction of Board fees and Senior Management's car allowance from July-December 2020 and 6.67% reduction of Senior Management's basic salary due to two-days unpaid leave per month from July-December 2020.</li> <li>c. Annual fees for Board and Board Committees.</li> <li>d. Monthly allowance of the Deputy Chairman.</li> <li>e. Reviewed the remuneration and benefits of employees of FGV Group.</li> <li>f. Performance bonus payout and merit payout to employees of FGV Group.</li> <li>g. Salary increment for employees of FGV Group.</li> <li>h. Salary adjustment of Senior Management.</li> <li>i. Vesting of restricted shares under the LTIP to Senior Management.</li> <li>j. Vesting of performance shares under the LTIP to employees of FGV Group.</li> </ul>
<b>Performance Management</b>	<ul style="list-style-type: none"> <li>a. Reviewed the PMS Framework (corporate culture).</li> <li>b. Assessed the performance management effectiveness.</li> </ul>
<b>Employee Productivity</b>	<ul style="list-style-type: none"> <li>a. Full Time Equivalent Study.</li> <li>b. Job Evaluation for Benchmarked Position and Adjustment Exercise.</li> </ul>
<b>Induction and Continuing Education Programmes</b>	<ul style="list-style-type: none"> <li>a. Reviewed the report on the training programmes attended by the Board and the induction programme for newly appointed Directors.</li> </ul>
<b>Board Assessment</b>	<ul style="list-style-type: none"> <li>a. Assessed the effectiveness of the Board as whole, the Board Committees and each individual Director (BEA).</li> <li>b. Annual assessment on the independence of the Independent Directors.</li> <li>c. Assessed the Audit Committee members' term of office and performance.</li> </ul>
<b>Succession Planning</b>	<ul style="list-style-type: none"> <li>a. Proposed Succession Planning of Senior Management.</li> </ul>
<b>Policies</b>	<ul style="list-style-type: none"> <li>a. Revision of Group Human Capital Policies and External Gift, Entertainment and Hospitality Policy.</li> </ul>
<b>Reviewed statements included in FGV's Annual Integrated Report 2019</b>	<ul style="list-style-type: none"> <li>a. Reviewed the disclosure in CGOS and Corporate Governance Report relating to the following: <ul style="list-style-type: none"> <li>• Board Nomination and Election Policy and Procedures having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of FGV.</li> <li>• Board balance and composition including tenure and gender diversity.</li> <li>• Board nomination and election process and re-election of Directors and the criteria used by the Nomination and Remuneration Committee in the selection process mapping of skills and experience.</li> <li>• Assessment undertaken by the Nomination and Remuneration Committee in respect of its Board, Board Committees and individual Directors together with the criteria used for such assessment.</li> <li>• Trainings attended by the Directors for the financial year and induction programmes, pursuant to the Bursa Securities Listing Requirements.</li> <li>• LTIP.</li> <li>• Directors' remuneration in accordance with relevant provisions from the Bursa Securities Listing Requirements and the Companies Act 2016.</li> </ul> </li> <li>b. Reviewed the disclosure in the report on the Nomination and Remuneration Committee relating to the following: <ul style="list-style-type: none"> <li>• How the requirements set out in paragraph 2.20A of Bursa Securities Listing Requirements were met.</li> <li>• Composition of the Nomination and Remuneration Committee.</li> <li>• Number of Nomination and Remuneration Committee meetings held during and details of attendance of each member.</li> <li>• Summary of work and activities of the Nomination and Remuneration Committee and matters considered by the Nomination and Remuneration Committee in the discharge of its functions and duties and how it has met its responsibilities.</li> </ul> </li> </ul>



## How We Are Governed: Leadership & Effectiveness

### Key Matters Reported to the Board

The Chairman of the Nomination and Remuneration Committee updated the Board on matters deemed to be of major importance deliberated at the Nomination and Remuneration Committee meetings and its recommendations. The copies of confirmed minutes of each Nomination and Remuneration Committee meeting were also circulated to the Board for noting at the next practicable Board meeting. Among the significant matters considered by the Nomination and Remuneration Committee during 2020 were the following:

SIGNIFICANT MATTERS	HOW THESE MATTERS WERE ADDRESSED BY THE NOMINATION AND REMUNERATION COMMITTEE
1 <b>Full Time Equivalent Study</b>	Took note on the completion of the Full Time Equivalent (FTE) Study whereby all tasks completed by employees in FY2020 were recorded. The FTE study indicated manpower hours utilised and was done to ensure that optimum utilisation of manpower efforts are in place.
2 <b>Proposed appointment of Government Appointed Directors and Non-Independent Non-Executive Director</b>	Assessed the suitability of candidates, taking into account the selection criteria which include relevant skills, knowledge, expertise, experience, existing directorships, current professional responsibility and other obligations.
3 <b>Proposed appointment of Senior Management</b>	Considered the proposed appointment of Senior Management taking into account the current and future needs of FGV, including diversity requirements.

### PERFORMANCE REVIEW



During the financial year, the Board evaluated the Nomination and Remuneration Committee's performance and the extent to which the Nomination and Remuneration Committee met the requirements of its Terms of Reference, including the term of office and performance of the Nomination and Remuneration Committee and each of its members. This performance assessment constituted part of the annual Board effectiveness assessment, pertaining to the assessment of Board Committees.

This Report was made in accordance with a resolution of the Board of Directors approved on 31 March 2021.



# How We Are Governed: Accountability

## AUDIT COMMITTEE REPORT

### CHAIRMAN



Datuk Mohd  
Anwar Yahya

### MEMBERS



Datin Hoi Lai Ping



Dato' Shahrol Anuwar  
Sarman

The Audit Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Non-Executive Directors.

The Chairman of the Audit Committee is a Member of the Institute of Chartered Accountants in England and Wales (ICAEW), a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and a Member of the Malaysian Institute of Certified Public Accountants (MICPA).

All members of the Audit Committee are financially literate and are able to analyse and interpret Financial Statements to effectively discharge their duties and responsibilities.

The Audit Committee, therefore, meets the requirements of paragraph 15.09(1)(c) of the Listing Requirements which stipulates that at least one member of the Audit Committee must be a qualified accountant.

The Audit Committee held eight (8) meetings and the GCEO, the GCFO, the Chief Internal Auditor and various Management attended the meetings upon invitation of the Audit Committee. The Audit Committee also held various private sessions with the external auditors.

The purpose of the Audit Committee is to assist the Board in fulfilling the following key responsibilities:

- Assessing the risks and control environment
- Overseeing financial reporting
- Evaluating the internal and external audit processes and outcomes.
- Reviewing conflict of interest situations and related party transactions
- Providing oversight on the Annual Integrated Report
- Oversight on matters pertaining to six (6) past investments which were subjected to forensic investigations and six (6) additional matters investigated, which was announced by the Board on 28 August 2018
- Undertaking any such other functions as may be determined by the Board from time to time

The existence of the Audit Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision making relating to the functions and duties of the Audit Committee. The Audit Committee may empower one or more of its members to meet or communicate with external auditors and/or internal auditors independently.

The composition of the Audit Committee for FY2020, including the name, designation (indicating the Chairman and members as well as indicating whether the Directors are independent or otherwise) together with the number of Audit Committee meetings held during FY2020 and details of attendance of each Audit Committee member can be found on page 165 of this report.





# How We Are Governed: Accountability

## Summary of Work

In 2020, the Audit Committee undertook the following principal activities in discharging its responsibilities:

AREA OF FOCUS	MATTERS CONSIDERED
Assessment of the Risks and Control Environment	<ol style="list-style-type: none"> <li>Evaluated the reports on the assessment of the risks and control environment based on the external auditors' quarterly financial information review in each quarter and statutory financial audit at year-end.</li> <li>Reviewed four (4) quarterly reports from the Chief Internal Auditor summarising the main observations from the internal audit reports issued, which included information relevant for the assessment of the risks and control environment.</li> <li>Considered the overall rating of the internal audit reports issued in 2020 as a reflection of the overall effectiveness of the system of internal control vis-à-vis the risks, control environment and compliance requirements of the Group.</li> <li>Received assurances from the GCEO and the GCFO that the risk management and internal control system of the Group for FY2020 operated adequately and effectively, in all material respects.</li> <li>Reviewed the implementation progress of a Control Self-Assessment Model Development.</li> </ol> <p>At each of its meetings, the Audit Committee gave guidance which was relevant for the improvement of the risks and control environment of the Group, in particular in the areas of commodities trading, receivables management, inventory management, construction project management, procurement management, refinery maintenance and plantation operations, which were the main challenges to the Group during the financial year.</p>
Overseeing Financial Reporting	<ol style="list-style-type: none"> <li>Reviewed reports of the external auditors from their quarterly Financial Statements review and annual statutory financial audit at each meeting. Among the main focus areas of the reports were the assessments of impairment and provision exposures of various assets, land lease arrangements, goodwill on investments and onerous contracts based on applicable financial reporting standards.</li> <li>Met with the external auditors in two (2) private sessions during the financial year without the presence of Management on 24 March 2020 and 13 August 2020. In these sessions, the following matters were discussed, among others: <ul style="list-style-type: none"> <li>the impact of COVID-19 pandemic to the Group's business operations.</li> <li>the impact rising value of US dollar on the sugar business.</li> <li>performance of the finance function within the Group.</li> <li>performance and going concern of specific subsidiaries.</li> </ul> </li> <li>Evaluated the quarterly report on consolidated results for each quarter and appraised the analysis of the results in detail. Where required, the Audit Committee provided direction and sought more details on the analysis of the consolidated results to make its recommendation to the Board on the quarterly report. The Audit Committee also requested further details on several important matters for its deeper understanding and provided the necessary direction on the matters.</li> <li>Assessed the cash flow assumptions for the purpose of calculation of the Land Lease Liability to FELDA and its impact to the Financial Statements.</li> <li>Reviewed and endorsed policy revisions relating to accounting, finance, governance and internal control for the Board's approval.</li> </ol> <p>The Chairman of the Audit Committee held five (5) private meetings with the external auditors to be briefed in detail on the financial results of the Company and the Group.</p>
Evaluation of the External Audit Process and Outcome	<ol style="list-style-type: none"> <li>Reviewed the external auditors' report on the outcome of the external audit process for FY2019, which included internal control recommendations and Management's response to the recommendations.</li> <li>Assessed the comprehensiveness of the audit plan of the external auditors for FY2020 and ensured coordination with the various other audit firms apart from PricewaterhouseCoopers PLT (PwC) who are involved in the external audit of several subsidiaries.</li> <li>Assessed the external auditors for their reappointment for FY2020 based on the established External Auditor Policy and recommended their reappointment to the Board. The Audit Committee also considered the feedback from Management on their evaluation of the external auditors based on the services provided on the external audits for FY2019.</li> <li>Assessed the external auditors audit fees for FY2020 and made its proposal to the Board for approval.</li> <li>Received written assurance from external auditors in their audit plan for FY2020 confirming they are, and will maintain, independent throughout the conduct of the audit engagement in accordance with the Terms of Reference of all relevant professional and regulatory requirements.</li> </ol>



## Summary of Work

In 2020, the Audit Committee undertook the following principal activities in discharging its responsibilities:

AREA OF FOCUS	MATTERS CONSIDERED
<b>Evaluation of the Internal Audit Process and Outcome</b>	<ul style="list-style-type: none"> <li>a. Received and reviewed all 54 reports issued to all members of the Audit Committee by Group Internal Audit during FY2020. These are reports from assignments undertaken from the internal audit plan and any unplanned investigation and special assignments undertaken by Group Internal Audit.</li> <li>b. Presented with and reviewed the following at every quarterly meeting during FY2020:               <ul style="list-style-type: none"> <li>• A report summarising the main observations from the internal audit reports issued during the quarter. The Audit Committee gave direction to Management on key matters requiring the Management's special and immediate attention. The Audit Committee reported to the Board on these key matters.</li> <li>• A report on the progress of implementation of the approved internal audit plan for the FY2020, including the status of internal audit resources to support the implementation of the approved internal audit plan and development progress of the internal audit staff.</li> <li>• A report on the progress of implementation of the recommendations from the internal audit reports issued. There were no matters requiring the attention of the Board from the progress reported.</li> </ul> </li> <li>c. Performed the following:               <ul style="list-style-type: none"> <li>• Reviewed and approved the internal audit plan for FY2020 together with the scope, functions, resources, budget and KPI of the Group's internal audit function and reported to the Board accordingly.</li> <li>• Assessed the performance of the Chief Internal Auditor, which included assessment of the effectiveness of the Group's internal audit function with reference to the Institute of Internal Auditors' International Professional Practices Framework.</li> <li>• Assessed the Chief Internal Auditor's performance, increment, bonus adjustment and renewal of her contract of employment.</li> </ul> </li> </ul> <p>The Chairman of the Audit Committee held one (1) private meeting and discussion with the Chief Internal Auditor and her Management team to discuss developments which were relevant for the internal audit work, to give direction for a more effective audit plan, to be apprised of or give guidance on any major internal audit observations and any related matters towards improving the governance, risk and control processes of FGV Group.</p>
<b>Reviewed Recurrent Related Party Transactions Monitoring of the Group</b>	<ul style="list-style-type: none"> <li>a. Reviewed the quarterly report on the recurrent related party transactions of the Group and took note that the related party transactions were within the mandate from the shareholders.</li> <li>b. Reviewed the circular to shareholders for the purpose of seeking mandate for recurrent related party transactions at the 2020 Annual General Meeting.</li> <li>c. Reviewed the internal audit report on the annual recurrent related party transactions review.</li> <li>d. Reviewed justifications of the FGV Group's major recurrent related party transactions which were not supported with contemporaneous pricing.</li> </ul>
<b>Reviewed and considered the findings of investigations and related legal opinion.</b>	<ul style="list-style-type: none"> <li>a. Considered the investigation reports, valuation reports, legal opinion and related information from forensic and internal investigations.</li> <li>b. The Committee deliberated the findings and sought relevant clarification to satisfy themselves that the investigations and legal opinion are comprehensive.</li> </ul>
<b>Reviewed statements included in FGV's Annual Integrated Report 2019</b>	<p>Reviewed the Report on the Audit Committee, the Statement on Risk Management and Internal Control, the CGOS, the Management Discussion &amp; Analysis, the Chairman's Statement and the GCEO's Message to be included in the Annual Integrated Report 2019 and recommended the same to the Board for approval. The Statement on Risk Management and Internal Control was reviewed reflecting on the reports of the external and internal auditors on the risks and control environment of the Group and related matters that have been brought to the Audit Committee and the Board during the financial year.</p>



## How We Are Governed: Accountability

### Key Matters Reported to the Board

The Chairman of the Audit Committee updated the Board on matters deemed to be of major importance deliberated at the Audit Committee meetings and its recommendations. The copies of confirmed minutes of each Audit Committee meeting were also circulated to the Board for noting at the next practicable Board meeting. Among the significant matters considered by the Audit Committee during 2020 were the following:

SIGNIFICANT MATTERS	HOW THESE MATTERS WERE ADDRESSED BY THE AUDIT COMMITTEE
<b>1 Financial Reporting</b>	Reviewed the quarterly financial results and year-end Financial Statements of FGV and the Group, focusing particularly on changes in financial reporting standards including assessing their impacts on the Financial Statements, reasons for fluctuations between periods, explanations for achievement of budgets, forecasts and matters requiring Management's judgement, especially assets recoverability, accounting practices, unusual events and significant adjustments.
<b>2 Recurrent Related Party Transactions</b>	Considered whether the recurrent related party transactions were undertaken at commercial terms in accordance with established procedures and within the mandate provided by the shareholders.
<b>3 Internal Control</b>	Provided direction for internal control improvements on matters reported by the Group Internal Audit. Encouraged management to prioritise the improvements based on the observations reported in the Group Internal Audit reports.
<b>4 Group Financial Policies</b>	Reviewed and recommended to the Board the revised Group's Limit of Authorities.
<b>5 Forensic and Internal Investigations</b>	Deliberated and recommended on the next steps and actions to be taken on the findings to the Board.



## RELATIONSHIP WITH THE EXTERNAL AUDITOR

### EXTERNAL AUDITOR POLICY

The External Auditor Policy covers the appointment and reappointment of external auditors, assessing their performance and independence, audit partner rotation, audit delivery and reporting, engagement of external auditor for non-audit services and removal of external auditor.

### APPOINTMENT AND REAPPOINTMENT OF EXTERNAL AUDITORS

The External Auditor Policy was revised on 27 March 2019 and therein states that the Group shall only engage external auditors from the top four firms of professional accountants for the Financial Statements statutory audit of the Group.

As far as practicable, the Group shall retain the engagement of one external audit firm for the Group covering all listed and unlisted subsidiaries within Malaysia and abroad. Any new appointment or replacement of external auditors shall be through a formal tendering process.

FGV currently engages PwC as its external auditor for the Group. A suitability and independence assessment has been undertaken through a checklist of factors considered prior to proposing the re-appointment of the external auditor for FY2020 at the Annual General Meeting in June 2020. The factors considered were calibre of the firm, its quality process/performance, the audit team, its independence and objectivity, audit scope and planning, audit fees and audit communications.

From the assessment, the Audit Committee concluded that PwC remains suitable and independent for reappointment as the external auditor.

### EFFECTIVENESS OF THE EXTERNAL AUDITOR

The External Auditor Policy requires that the external auditor's performance and independence be assessed using an assessment checklist covering the following, upon completion of every annual audit.

- Calibre of external audit firm
- Quality of process/performance
- Audit team
- Independence and objectivity
- Audit scope, planning and methodology
- Audit fees
- Audit deliverables
- Audit communication

The assessment shall be undertaken by the Group subsidiaries before the finalisation of the Group's statutory Financial Statements and submitted for the Audit Committee's deliberation. Where the Audit Committee concludes that the performance of the external auditor is less than satisfactory, the Audit Committee shall consider the next course of action, which may include:

- Discussion with the external audit firm to resolve performance issues;
- Replacement of members within the external audit team; or
- Not recommending reappointment of the external auditor.

### ASSESSING INDEPENDENCE OF EXTERNAL AUDITOR

The external auditor shall be required to update the Audit Committee of its Independence Framework and discuss independence issues as part of its Group Audit Plan presented to the Audit Committee by the third quarter of every financial year.

The external auditor shall provide a written assurance confirming that the engagement team has been independent throughout the conduct of the audit of the statutory Financial Statements in accordance with the terms of all relevant professional and regulatory requirements.

The External Auditor Policy states that relationships that may result in impairment of the external auditor's independence and objectivity shall be prohibited. Any threats to independence shall be disclosed to the Audit Committee together with assessment of the mitigation actions to eliminate the threats or reduce them to an acceptable level.

During the year 2020, the external auditor presented its written assurance on independence through their Group Audit Plan and Report to the Audit Committee for the audit of the statutory Financial Statements for FY2020. Based on the assessment above, there was no relationship that may have impaired the external auditor's independence and objectivity.



## How We Are Governed: Accountability

### AUDIT PARTNER ROTATION

FGV has adopted the latest ruling of the MIA on audit partner rotation which allows rotation of the lead and signing partner every seven years, updating the earlier FGV policy of five years. When rotated off the audit, the partner shall not be a member of the engagement team or be a key audit partner on the engagement for two consecutive years.

The current lead and signing partner of PwC has been assigned to the Group for seven years since the annual audit of the statutory Financial Statements for FY2014. With the adoption of the latest ruling by the MIA, the Audit Committee agreed to extend the current PwC lead and signing partner for FGV for another year.

### AUDIT DELIVERY AND REPORTING

Upon approval of the audit fees by the Board, the external auditor's engagement letter shall be signed by the GCFO.

The deliverables and reports from the audit of the statutory Financial Statements shall be communicated and agreed upon through the Group Audit Plan on an annual basis by the third quarter of every financial year. A Management representation letter shall be issued to the external auditor upon completion of the statutory audit for each company under the Group.

### ENGAGEMENT OF EXTERNAL AUDITOR FOR NON-AUDIT SERVICES

The external auditor may be engaged to perform permitted audit or non-audit services as detailed in the External Auditor Policy provided the engagement does not impair the independence of the external auditor in its audit of the statutory Financial Statements. The External Auditor Policy also specifies prohibited non-audit services which the external auditor shall not be engaged for. All services to be awarded to the external auditor shall be subjected to independent assessment and monitoring.

The engagement of permitted non-audit services shall be reviewed and approved by the Audit Committee where the annual fees for non-audit services exceed 25% of the annual fee for audit of the statutory Financial Statements of the Group. A report on the engagement of the external auditor for all other audit and non-audit services together with the fees for each engagement shall be reported to the Audit Committee every six months or as and when the total of non-audit service fees exceeds the 25% threshold.

The fees paid/payable to the external auditor, PwC, in FY2020 were as follows:

FEES PAID/PAYABLE TO PWC IN 2020	RM'000
<b>Audit Fees</b>	
• PwC Malaysia	4,106
• Member firms of PwC International Limited (PwCIL)	1,449
<b>Audit-Related Fees</b>	
• PwC Malaysia and member firms of PwCIL	1,484
• Other non-audit fees paid to PwC Malaysia and member firms of PwCIL	602
<b>Total</b>	<b>7,641</b>

### REMOVAL OF EXTERNAL AUDITOR

In the event of any removal or resignation of the external auditor, the Audit Committee shall consider the request and reason for the removal or resignation to make its recommendation to the Board. The selection of a new external auditor shall be conducted through invitation for a closed tender procurement process with the other top three accounting firms through the Group's normal Procurement Policies and Procedures. The termination shall be approved by the FGV shareholders at the Annual General Meeting together with the proposal for the appointment of a new external auditor.

From assessment conducted by the Audit Committee on PwC's performance in FY2020, the Audit Committee has concluded that PwC remains suitable for appointment as external auditor and recommend their reappointment for FY2021.

### KEEPING UPDATED ON RELEVANT INFORMATION

The external auditor updates the Audit Committee members on changes to accounting standards and issues related to financial reporting through quarterly meetings.



## GROUP INTERNAL AUDIT

THE GROUP'S INTERNAL AUDIT FUNCTION IS INDEPENDENT AND REPORTS FUNCTIONALLY DIRECTLY TO THE AUDIT COMMITTEE AND ADMINISTRATIVELY TO THE GCEO. THE CONDUCT OF GROUP INTERNAL AUDIT IS BASED ON A GROUP INTERNAL AUDIT CHARTER, WHICH IS ESTABLISHED CONSISTENT WITH THE REQUIREMENTS OF THE INSTITUTE OF INTERNAL AUDITORS' INTERNATIONAL PROFESSIONAL PRACTICES FRAMEWORK AND APPROVED BY THE AUDIT COMMITTEE AS AFFIRMED THROUGH A QUALITY ASSURANCE REVIEW CONDUCTED IN 2020.

There were 52 internal auditors as at 31 December 2020 covering the activities of the Group .

The internal auditors have sufficient mix of knowledge, skills and competencies to execute the audit plan. Composition of the internal auditors and the corresponding professional status are as follows:

PROFESSIONAL STATUS	PERCENTAGE OF TOTAL AUDITORS
• Professional accounting (ICAEW, CPA, ACCA, CA) or Certified Internal Auditor (CIA) or post-graduate (MBA or Masters)	17
• Certified IS Auditor (CISA)	8
• Graduate (Bachelor's Degree)	56
• Graduate pursuing professional accounting (ICAEW, CPA, ACCA, CA) or CIA	17
• Others (Diploma)	2
<b>Total</b>	<b>100</b>

The above includes 17 internal auditors (33%) who are members of the Institute of Internal Auditors Malaysia. The total cost incurred by Group Internal Audit for FY2020 is RM8.2 million (FY2019: RM10.3 million). This amount comprises mainly staff cost and benefits, travelling expenses and the operating cost of the Group Internal Audit management system.



## Governance at FGV: Accountability

### ROLES AND FUNCTIONS

Group Internal Audit provides assurance services for the Group locally and overseas covering all operations where the Group has management control and where partners consent for jointly controlled entities.

In addition to the assurance role, Group Internal Audit also undertakes a consulting role and investigative role. In its consulting role, Group Internal Audit undertakes advisory on governance, risk and control, policy and procedures review and participates in working groups to provide input on policy development, systems development and several initiatives of the Group. Investigative audits are undertaken upon any allegation of improper, illegal and dishonest acts based on the request of the Management or Board.

### DEVELOPMENT OF AUDIT PLAN

For year 2020, the Audit Plan was formulated based on the new audit approach approved by the Audit Committee which resulted in a reduction in the number of internal auditors required.

The new audit approach is as follows:

- a) To increase focus on Group-wide and thematic audit reviews;
- b) Routine audits will be on a selective basis subject to risk assessment;
- c) To perform follow-up based on risk assessment and audit report rating;
- d) To utilise more data analytics in the audit work; and
- e) To introduce Control Self-Assessment as a tool for auditing operations.

The Audit Plan is developed after considering the following factors and inputs:

- a) Group key risks highlighted in the latest risk register (in particular FGV Group top 10 risks) and FGV Group's KPI.
- b) 2019-2021 FGV Business Plan which essentially revolves around increasing yields, cost competitiveness, divestment of non-core investments, rehabilitate and rationalise poor performing investments and rationalise corporate spending.
- c) GIA's analysis of the current situation of FGV including feedback from the Audit Committee and Management (e.g. Group Chief Executive Officer, Group Chief Financial Officer, and Group Divisional Directors).

Once the key audit areas are developed, the staff and resource allocation plan, budget estimates and staff development progress are established.

The Annual Group Internal Audit Plan is presented to the Audit Committee. The Audit Committee reviews and challenges the adequacy of the audit scope, the resources allocated, the capability skill sets and makes recommendations before approving the Group Internal Audit Plan. Any recommendation of the Audit Committee is taken into the Group Internal Audit Plan.

Once the Group Internal Audit Plan is rolled out, the Audit Committee ensures that the coverage is responsive and robust to satisfy the changing level of risk and emerging areas of concern. Any deviation to the Group Internal Audit Plan is discussed and endorsed by the Audit Committee quarterly.

In May 2020, the Audit Committee has approved the change of auditing approach (i.e. implementation of remote auditing as far as practicable with onsite and outstation visits to be strictly on absolute need basis) and the revised Group Internal Audit Plan 2020 in response to COVID-19 impact and the new normal.

### INTERNAL AUDIT REPORTING

All Group Internal Audit reports are issued directly to the Audit Committee with copies to the relevant Management for their action. Recommendations in the Group Internal Audit reports are derived through root cause analysis.

On a quarterly basis, the Audit Committee is presented with the summary of the audit results performed during the quarter and the progress reporting of the audit findings, recommendations and implementation of Management's corrective actions. In addition, Group Internal Audit presents to the Audit Committee a summary of all the audit results annually.

Any concerns raised by the Audit Committee are addressed by Group Internal Audit. The Audit Committee follows through on any unresolved matters as part of the agenda in the next meeting.

### OBJECTIVITY AND INDEPENDENCE OF GROUP INTERNAL AUDIT

The Chief Internal Auditor states the Group Internal Audit's declaration of objectivity and independence to the Audit Committee in its Annual Group Internal Audit Plan. Group Internal Audit undertakes a survey of the relationship of its auditors once a year and ensures that the rotation of internal auditors does not result in any compromise of objectivity and independence.



## Summary of Work done by Group Internal Audit In 2020

AREA OF FOCUS	MATTERS CONSIDERED
<b>Assurance</b>	<p>The assurance work during the year 2020 was a balance of governance, risk and control at the corporate centre level and business operational level. At the corporate centre level, the focus was on inculcating best and better practices in the following main areas:</p> <ul style="list-style-type: none"> <li>• Governance and risk management processes towards enhancing general governance and risk management practices and culture.</li> <li>• Recurrent related party transactions review with a view of advising the Audit Committee on the Group's compliance with the Related Party Transactions and Recurrent Related Party Transactions Policy.</li> <li>• Assessment on the employee's awareness and FGV's readiness on Anti-Bribery and Corruption through FGV's "Adequate Procedures" basing on the "T.R.U.S.T." principles under the Ministerial Guidelines.</li> <li>• Information Technology (IT) governance and controls which include application review, user access control, system security and data integrity.</li> </ul> <p>At the business operational level, the key audit scopes were in the areas of sales and marketing on non-commodity, cost management, procurement management (with IT audit) and trading of CPO and PPO. For our main Business Cluster, i.e. Upstream, the key audit scopes were migrant workers welfare management, mechanisation, procurement, adverse weather mitigation management and initiatives under the model estate and mills programme. GIA also undertakes Control Self-Assessment for 18 selected estates in the year 2020.</p>
<b>Consulting</b>	<p>Group Internal Audit plays an active role in advising the Group on various matters. In 2020, this was done through the following platforms:</p> <ul style="list-style-type: none"> <li>• IT Project Steering Committee and Working Committee meetings to provide guidance on IT project management and system development or implementation processes.</li> <li>• Participation in policy development in working groups and reviewed draft documents. The focus of Group Internal Audit's feedback on the documents was from the aspect of compliance with any regulatory requirements, incorporating practical best practices and enhancing governance and risk management.</li> </ul>
<b>Investigation</b>	<p>Group Internal Audit has undertaken investigative audits based on the request and information from Whistleblowing Committee, Management, Audit Committee and the Board. The outcome of the investigations has been reported to the Whistleblowing Committee, Management, Audit Committee and the Board respectively. The recommendations and resolutions arising from the investigation reports tabled have been communicated to Management for the necessary implementation.</p> <p>During the year, Group Internal Audit undertook several investigations and special review work. The special reviews identified improvements in the following areas:</p> <ul style="list-style-type: none"> <li>• Revenue and receivable management.</li> <li>• Expenditure and payable management.</li> <li>• Operations management.</li> <li>• Stock management.</li> <li>• Procurement management.</li> <li>• Project management.</li> <li>• Human resource management.</li> <li>• Data management.</li> </ul>

## PERFORMANCE REVIEW



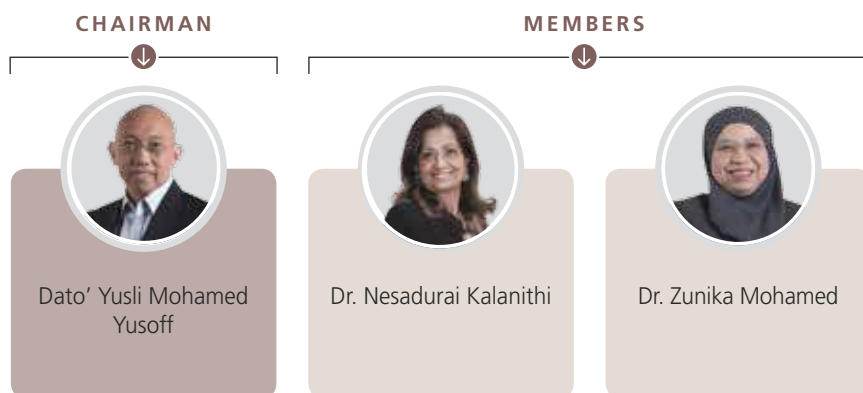
During the financial year, the Board evaluated the Audit Committee's performance and the extent to which the Audit Committee met the requirements of its Terms of Reference, including the term of office and performance of the Audit Committee and each of its members. This performance assessment constituted part of the annual Board effectiveness assessment, pertaining to the assessment of Board Committees.

This Report was made in accordance with a resolution of the Board of Directors approved on 31 March 2021.



## Governance at FGV: Accountability

### BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE REPORT



The purpose of the Board Governance & Risk Management Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities in formulating, overseeing as well as inculcating good governance, sound risk management and sustainability practices and culture in the FGV Group.

The Board Governance & Risk Management Committee comprises exclusively of Non-Executive Directors and majority are Independent Directors. The Chairman of the Board Governance & Risk Management Committee is an Independent Non-Executive Director.

The Board Governance & Risk Management Committee's responsibilities are as follows:

- **In relation to governance, ethics and integrity:**

- To direct and oversee the formulation of the Group's governance framework with a view to inculcate an ethical and governance climate consistent with the Board's risk appetite, guided by the recommendations of MCCG 2017.
- To direct and oversee the formulation of the Group's programmes and policies to support the implementation of the Group's governance framework and endorse the blueprints and policies for the Board's approval.
- To review reports on the status and availability of related procedures by the Group's operations and subsidiaries to implement the Group's policies.
- To monitor the status and progress of formulation and implementation of the related governance framework, blueprints and policies; and accordingly report to the Board the status and to recommend to the Board the approval of and/or amendments to the Group's governance framework, blueprints and policies.

- **In relation to risk management:**

- To direct and oversee the formulation of the Group's overall risk management framework and strategies, including policies, procedures, systems, capability and parameters to identify, assess and manage risks to ensure their relevance and appropriateness to the Group's position and business.
- To advise and report to the Board, the overall risk appetite, tolerance and strategy on managing business risks.

- To report to the Board, key business risks and seek its approval on the management of key business risks that are aligned to the Group's risk appetite.
- To monitor the effectiveness and progress of management of key business risks and accordingly report to the Board the status of the key business risks.
- To recommend to the Board, the approval of and/or amendments to the Group risk management framework and strategies, including policies, procedures, systems, capability and parameters, as relevant.

- **In relation to sustainability:**

- To direct and oversee the formulation of the Group's overall sustainability strategies and initiatives, including principles and policies which are aligned with related regulations and standards.
- To monitor the implementation of the Group's approved overall sustainability strategies and initiatives, including principles and policies.
- To review Sustainability Report or Sustainability Statement or information having major financial and/or reputational impact to the Group, to be publicly issued by the Group or to be included in the Company's Annual Integrated Report.
- To address ongoing sustainability legacy issues such as the RSPO and US Customs and Border Protection that has an impact on the business operations and performance of the company.

The composition of the Board Governance & Risk Management Committee for FY2020, including the name, designation (indicating the Chairman and members as well as indicating whether the Directors are independent or otherwise) together with the number of Board Governance & Risk Management Committee meetings held during FY2020 and details of attendance of each Board Governance & Risk Management Committee member can be found on page 165 of this report.



Further details of the Board Governance & Risk Management Committee's Terms of Reference are published on our website at [www.fgvholdings.com](http://www.fgvholdings.com). This Report should be read in conjunction with our Corporate Governance Report, also available on our website.



## Summary of Work of the Board Governance & Risk Management Committee

In 2020, the Board Governance & Risk Management Committee undertook the following principal activities in discharging its responsibilities:

AREA OF FOCUS	MATTERS CONSIDERED
<b>Governance, Ethics and Integrity</b>	<ul style="list-style-type: none"> <li>a. Revision of Group LOA, Group Human Capital Policies, Whistleblowing Policy, Group Sustainability Policy, Group Procurement Policy and External Gift, Entertainment and Hospitality Policy.</li> <li>b. Received updates on Online Integrity Pledge rolled out across FGV Group including numbers of respondents.</li> <li>c. Briefed on the status of whistleblowing which include number of cases, type of cases, lessons learnt and list of improvements.</li> <li>d. Assessed the effectiveness of the Management of Classified Document Policy.</li> <li>e. Establishment of External Tender Participation Policy.</li> <li>f. Revision of Anti-Bribery Management Systems Manual as well as Corporate Governance and Business Integrity Blueprint: FGV Anti-Corruption Plan.</li> <li>g. Received updates on key highlights of the meeting between the MACC and FGV Chief Integrity and Governance Officer.</li> <li>h. Received updates on integrity compliance analysis 2019 and recommended actions.</li> <li>i. Reviewed the status of compliance to MCCG 2017.</li> <li>j. Reviewed reports on planned governance activities for the year and completed initiatives.</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>a. Assessed and deliberated on the Group's risk status through FGV Group Quarterly Risk Report covering the Group's top 10 risks, Risk Profile Monitor, key risks beyond the risk register-strategic, reputational and emerging risks, and key risk management and governance activities.</li> <li>b. Reviewed reports on COVID-19 Impact Analysis.</li> <li>c. Reviewed reports on the planned risk management activities for the year and completed initiatives.</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>a. Quarterly report on sustainability updates and key initiatives.</li> <li>b. Reports on US Customs and Border Protection (US CBP) Withhold Release Order (WRO) against FGV, its subsidiaries and joint venture companies on palm oil and palm oil products.</li> <li>c. Reports on RSPO and MSPO certifications.</li> <li>d. Reports on the traceability source of fresh fruit bunches.</li> </ul>
<b>Reviewed statements included in FGV's Annual Integrated Report 2019</b>	<ul style="list-style-type: none"> <li>a. Reviewed the Report on the Board Governance &amp; Risk Management Committee, the Statement on Risk Management and Internal Control, CGOS, Corporate Governance Report and Sustainability Statement to be included in FGV's Annual Integrated Report 2019 and recommended the same to the Board for approval.</li> </ul>

## Key Matters Reported to the Board

The Chairman of the Board Governance & Risk Management Committee updated the Board on matters deemed to be of major importance deliberated at the Board Governance & Risk Management Committee meetings and its recommendations. The copies of confirmed minutes of each Board Governance & Risk Management Committee meeting were also circulated to the Board for noting at the next practicable Board meeting. Among the significant matters considered by the Board Governance & Risk Management Committee during 2020 were the following:

SIGNIFICANT MATTERS	HOW THESE MATTERS WERE ADDRESSED BY THE BOARD GOVERNANCE & RISK MANAGEMENT
<b>1 FGV Group Quarterly Risk Report</b>	<ul style="list-style-type: none"> <li>• Deliberated on key risks horizon associated with the Group's business and operations covering Group top 10 risks and mitigations. Informed the Board on risks that require closer attention and of the prevailing risk profile and outlook.</li> </ul>
<b>2 COVID-19 Impact Analysis Reports</b>	<ul style="list-style-type: none"> <li>• Reviewed all four reports and deliberated on the assessment of the risks from four perspectives: globally, Malaysia, palm industry and FGV operations; potential impacts of the pandemic and mitigations.</li> <li>• Acknowledged the extent of potential risk exposures arising from this unprecedented global pandemic outbreak.</li> </ul>



## Governance at FGV: Accountability

SIGNIFICANT MATTERS	HOW THESE MATTERS WERE ADDRESSED BY THE BOARD GOVERNANCE & RISK MANAGEMENT
3 Online Integrity Pledge	<ul style="list-style-type: none"> <li>Recommended to the Management to consider executing the employees' corruption-free pledge every six months via online submission.</li> </ul>
4 Whistleblowing	<ul style="list-style-type: none"> <li>Reviewed and deliberated on the number of whistleblowing cases, their respective categories, lessons learnt and recommendations from investigations cases.</li> <li>Recommended the approval of the revised Whistleblowing Policy to further strengthen the whistleblowing mechanism and related processes.</li> </ul>
5 Group Sustainability Report	<ul style="list-style-type: none"> <li>Deliberated on sustainability key initiatives, among others, on the strengthening of labour practices in FGV, the progress of sustainability certifications (MSPO/RSPO), expansion of FGV traceability initiative and engagement with various stakeholders including customers, civil society organisations, government agencies, international bodies and community representatives on matters pertaining to sustainability.</li> <li>Reviewed FGV Sustainability Report 2018/2019.</li> </ul>
6 US Customs and Border Protection (US CBP) Withhold Release Order (WRO) against palm oil and palm oil products made by FGV, its subsidiaries and joint ventures	<ul style="list-style-type: none"> <li>Examined the WRO issued by the US CBP against palm oil and palm oil products made by FGV, its subsidiaries and joint ventures and its potential impact to FGV's operations.</li> <li>Closely monitored efforts to engage with the relevant stakeholders in addressing this matter.</li> <li>Recommended measures to mitigate this matter including the establishment of a Foreign Workers Working Committee, chaired by the Chairman of FGV to adopt a more holistic approach to address matters relating to migrant workers.</li> </ul>
7 RSPO and MSPO certifications	<ul style="list-style-type: none"> <li>Suggested practical approaches to remedy and address the issues raised by the certification bodies that could affect RSPO and MSPO certifications.</li> <li>Monitored the progress of certification to ensure consistency with the time bound plan.</li> <li>Recommended approaches to overcome obstacles in certification programmes in order to ensure progress in achieving RSPO and MSPO certifications.</li> </ul>
8 Traceability of fresh fruit bunches	<ul style="list-style-type: none"> <li>Examined the Group's traceability initiatives and risks related to the sourcing of fresh fruit bunches.</li> <li>Guided on steps to mitigate these risks.</li> <li>Monitored the traceability and risk mapping programme which seeks to support suppliers in addressing sustainability issues by constantly engaging with them and communicating FGV's commitment to NDPE and the Group Sustainability Policy.</li> <li>Advised on the importance of engaging with FFB top suppliers for FGV to eliminate or mitigate risks of non-compliance to relevant sustainability policies and principles.</li> </ul>
9 Group Policies	<ul style="list-style-type: none"> <li>Recommended the proposed revision of Group LOA, Group Human Capital Policies, Whistleblowing Policy, Group Sustainability Policy, Group Procurement Policy and External Gift, Entertainment and Hospitality Policy for the Board's approval.</li> </ul>
10 Anti-Bribery Management Systems (ABMS) Manual	<ul style="list-style-type: none"> <li>Reviewed the revised ABMS Manual taking into consideration the requirements stated in ISO 37001:2016 and made recommendations for the Board's approval.</li> <li>Evaluated the proposed FGV Anti-Corruption Plan and made recommendations for the Board's approval.</li> </ul>

## PERFORMANCE REVIEW



During the financial year, the Board evaluated the Board Governance & Risk Management Committee's performance and the extent to which the Board Governance & Risk Management Committee met the requirements of its Terms of Reference, including the term of office and performance of the Board Governance & Risk Management Committee and each of its members. This performance assessment constituted part of the annual Board effectiveness assessment, pertaining to the assessment of Board Committees.

This Report was made in accordance with a resolution of the Board of Directors approved on 31 March 2021.



# How We Are Governed: Remuneration

## FAIR AND CONSIDERED REMUNERATION

### Directors' Remuneration

In line with industry practices and response to the COVID-19 pandemic, the Board demonstrated support of financial initiatives and upon recommendation, unanimously agreed to take a 20% cut in Board fees with effect from 1 July 2020 until 31 December 2020.

### Summary of Non-Executive Directors' Remuneration Policy

The Non-Executive Directors' remuneration package reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Directors. The Non-Executive Directors' remuneration includes fees, benefits-in-kind and other benefits including meeting allowances.

The Non-Executive Directors' fee structure is set out in the table below:

BOARD/ BOARD COMMITTEES	FEES PER ANNUM
<b>Board</b>	<b>RM300,000.00</b> (Chairman) <b>RM120,000.00</b> (Non-Executive Directors)
<b>Audit Committee</b>	<b>RM 64,000.00</b> (Chairman) <b>RM 32,000.00</b> (Non-Executive Directors)
<b>Nomination and Remuneration Committee</b>	<b>RM 35,000.00</b> (Chairman) <b>RM 20,000.00</b> (Non-Executive Directors)
<b>Board Governance &amp; Risk Management Committee</b>	<b>RM 32,000.00</b> (Chairman) <b>RM 16,000.00</b> (Non-Executive Directors)
<b>Investment Committee</b>	<b>RM 32,000.00</b> (Chairman) <b>RM 16,000.00</b> (Non-Executive Directors)
<b>Board Tender Committee</b>	<b>RM 32,000.00</b> (Chairman) <b>RM 16,000.00</b> (Non-Executive Directors)
<b>Special Board Committee 1</b>	<b>RM 36,000.00</b> (Chairman) <b>RM 24,000.00</b> (Non-Executive Directors)

Special Board Committee 1 was disbanded on 24 August 2020 and its responsibilities were transferred to the Audit Committee.

The Non-Executive Directors' revised remuneration structure (excluding Directors' fees) is set out below:

### MEETING ALLOWANCE

#### Non-Executive Chairman and Non-Executive Directors

- **Local:** RM2,000.00
- **Overseas** (Flight time <= 8 hours): RM2,000.00
- **Overseas** (Flight time > 8 hours): RM5,000.00
- **Teleconferencing:** RM1,000.00

### OTHER BENEFITS

#### Non-Executive Chairman

- Company car allowance (RM15,000.00 per month including petrol, toll charges and car maintenance)
- Driver (actual)
- Club membership (RM10,000.00 per annum)
- Mobile phone bills (actual)
- Personal entertainment (RM24,000.00 per annum)
- One (1) personal bodyguard at Chairman's disposal within Malaysia (actual)
- Medical coverage of RM100,000.00 per annum
- Group Personal Accident insurance coverage of RM200,000.00 per annum

#### Non-Executive Deputy Chairman

- Allowance (RM3,000.00 per month)
- Medical coverage of RM100,000.00 per annum
- Group Personal Accident insurance coverage of RM200,000.00 per annum

#### Non-Executive Directors

- Medical coverage of RM100,000.00 per annum
- Group Personal Accident insurance coverage of RM200,000.00 per annum



## Governance at FGV: Remuneration

The Directors' remuneration for FY2020 in aggregate from FGV and the Group, with categorisation into components, distinguishing between Non-Independent Non-Executive Directors and Independent Non-Executive Directors, is stated below:

NAME OF DIRECTORS	ANNUAL FEES <sup>1</sup>			
	BOARD (RM)	AUDIT COMMITTEE (RM)	NOMINATION AND REMUNERATION COMMITTEE (RM)	INVESTMENT COMMITTEE (RM)
<b>Non-Independent Non-Executive Director</b>				
Datuk Wira Azhar Abdul Hamid	270,000.00	-	-	-
Dato' Shahrol Anuwar Sarman <sup>3</sup>	11,733.33	3,934.00	-	-
Dr. Zunika Mohamed <sup>4</sup>	94,896.55	-	17,814.00	-
Dato' Amiruddin Abdul Satar <sup>5</sup>	17,548.39	-	-	2,929.00
Mohd Hassan Ahmad <sup>6</sup>	92,000.00	26,667.00	-	-
Dato' Dr. Othman Haji Omar <sup>7</sup>	90,709.68	-	-	13,115.00
Dato' Dr. Noor Zari Hamat <sup>8</sup>	7,096.77	-	1,202.00	-
<b>Independent Non-Executive Director</b>				
Dato' Yusli Mohamed Yusoff <sup>9</sup>	108,000.00	-	35,000.00	16,000.00
Datuk Mohd Anwar Yahya	108,000.00	64,000.00		-
Dr. Mohamed Nazeeb P.Alithambi	108,000.00	-		16,000.00
Dr. Nesadurai Kalanithi	108,000.00	-	20,000.00	-
Datin Hoi Lai Ping	108,000.00	32,000.00	20,000.00	32,000.00
<b>TOTAL</b>	<b>1,123,984.72</b>	<b>126,601.00</b>	<b>94,016.00</b>	<b>80,044.00</b>

Note:

1 Annual fees not inclusive of Sales and Services Tax (SST).

2 Special Board Committee 1 was disbanded on 24 August 2020.

3 Dato' Shahrol Anuwar Sarman was appointed as Non-Independent Non-Executive Director on 17 November 2020.

4 Dr. Zunika Mohamed was appointed as Non-Independent Non-Executive Director on 10 February 2020.

5 Dato' Amiruddin Abdul Satar was appointed as Non-Independent Non-Executive Director on 26 October 2020.



			ANNUAL FEES FROM SUBSIDIARIES (RM)	BENEFITS- IN-KIND (RM)	OTHER BENEFITS (RM)	TOTAL (RM)
BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE (RM)	BOARD TENDER COMMITTEE (RM)	SPECIAL BOARD COMMITTEE 1 <sup>2</sup> (RM)				
-	-	-	131,250.00	73,347.23	202,000.00	676,597.23
-	1,967.00	-	-	1,053.00	5,000.00	23,687.33
14,251.00	-	-	-	1,053.00	23,000.00	151,014.55
-	-	-	-	1,053.00	4,000.00	25,530.39
-	13,333.00	15,541.00	-	1,053.00	24,000.00	172,594.00
-	-	-	-	1,053.00	16,000.00	120,877.68
962.00	-	-	-	1,053.00	-	10,313.77
32,000.00	-	-	-	1,053.00	68,903.23	260,956.23
-	16,000.00	23,311.00	-	1,053.00	35,000.00	247,364.00
-	32,000.00	15,541.00	-	1,416.00	28,000.00	200,957.00
16,000.00	-	15,541.00	-	1,053.00	33,000.00	193,594.00
-	-	-	-	1,053.00	44,000.00	237,053.00
<b>63,213.00</b>	<b>63,300.00</b>	<b>69,934.00</b>	<b>131,250.00</b>	<b>85,293.23</b>	<b>482,903.23</b>	<b>2,320,539.18</b>

6 Mohd Hassan Ahmad resigned as Non-Independent Non-Executive Director on 31 October 2020.

7 Dato' Dr. Othman Haji Omar resigned as Non-Independent Non-Executive Director on 26 October 2020.

8 Dato' Dr. Noor Zari Hamat ceased as Non-Independent Non-Executive Director on 22 January 2020.

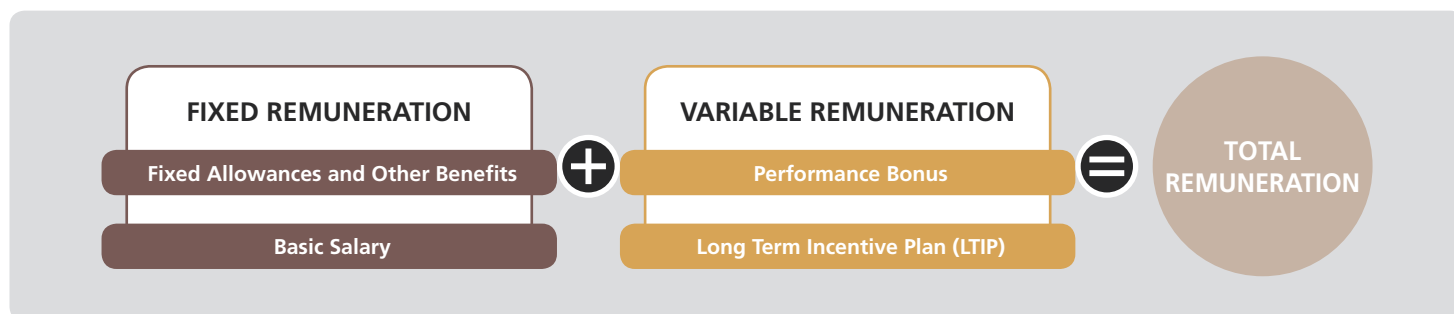
9 Redesignated as Deputy Chairman on 2 March 2020.



## Governance at FGV: Remuneration

### SENIOR MANAGEMENT'S REMUNERATION POLICY

The Nomination and Remuneration Committee reviews the remuneration framework for Senior Management annually. The Nomination and Remuneration Committee takes into consideration FGV's performance to ensure the sustainability of the remuneration package in the long run. FGV's remuneration structure, which consists of fixed and variable remunerations are benchmarked against the industry to ensure alignment and pay competitiveness.



The Board of Directors is responsible for assessing the performance of the GCEO, Company Secretary and Chief Internal Auditor. The performance of other Senior Management is assessed by the GCEO.

In general, the Senior Management's Performance Bonus is determined based on Group, Sector, Division and individual performances. The relative weighting (%) of the business and individual performances has been determined based upon an employee's position within the Company (line-of-sight), to directly impact and be held accountable for, his or her achievements and the Company's overall performance.

LTIP, which is based on the mechanism approved by our Board of Directors in February 2016, and the vesting of the shares, in three years based on a ratio of 30:30:40, is dependent on the employees' performance level. A total of 2,901,400 shares were vested to eligible employees in 2020.

In support of financial initiatives and response to the COVID-19 pandemic, the Senior Management agreed to a 20% reduction of Senior Management's car allowance from July to December 2020 and 6.67% reduction of Senior Management's basic salary due to two days unpaid leave per month from July to December 2020.

### Top five (5) Senior Management's Remuneration for FY2020

<b>Dato' Haris Fadzilah Hassan</b> Group Chief Executive Officer	RM1,750,001 to RM1,800,000
<b>Dato' Mohd Hairul Abdul Hamid</b> Group Chief Financial Officer	RM1,400,001 to RM1,450,000
<b>Syed Mahdhar Syed Hussain</b> Group Divisional Director of Plantation Sector	RM1,050,001 to RM1,100,000
<b>Azman Ahmad</b> Group Divisional Director of Logistics & Support Businesses Sector	RM950,001 to RM1,000,000
<b>Dato' Khairil Anuar Aziz</b> Group Chief Executive Officer, MSM Malaysia Holdings Berhad (Ceased office with effect from 5 October 2020)	RM850,001 to RM900,000



# Governance at FGV: Relations With Our Stakeholders

## STAKEHOLDER ENGAGEMENT

### OUR APPROACH

FGV remains steadfast in its commitment to keep all our stakeholders abreast of developments in the Group, and communicate our strategies that help create value.

We have in place a comprehensive programme driven by our dedicated Investor Relations unit that seeks to maintain and establish a transparent and ongoing dialogue with shareholders and the investment community. This is supported by FGV's Shareholders Communication Policy.

The FGV Corporate Disclosure Policy governs the nature of the information we are allowed to release so as not to mislead the public and our shareholders. For example, we will not disclose information that is price sensitive or that may be regarded as undisclosed material information until it has already been properly disclosed to the public domain.

We respond to queries on a daily basis and have prepared a dedicated section on our website that presents current, relevant and material information that can be disclosed. All of our financial results and corporate presentations are also available on our website at [www.fgvholdings.com](http://www.fgvholdings.com).

### INVESTOR MEETINGS

We organise meetings with major institutional investors, individual shareholder groups and financial analysts to share insights of our business strategies as well as to explain our business performance. The GCEO, Senior Management and the Investor Relations team have taken part in these meetings, while institutional investors have also met the Chairman on certain occasions.

### ENQUIRIES

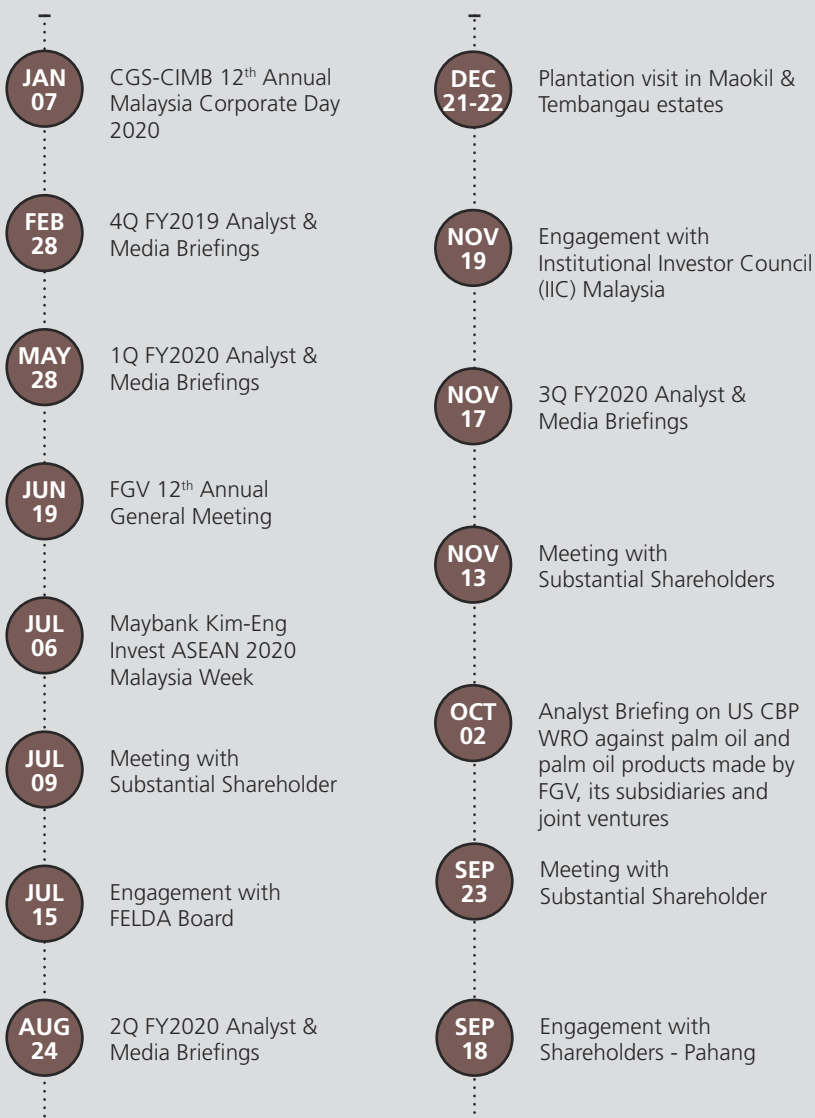
Investor queries may be posted to the following address, and contact details of Investor Relations are available on page 12 of this report.

#### Fairul Nizam Che Rus

Head of Investor Relations  
Level 20, Wisma FGV  
Jalan Raja Laut, 50350 Kuala Lumpur  
Malaysia.

The detailed Investor Relations calendar for 2020 can be found on FGV's website at [www.fgvholdings.com](http://www.fgvholdings.com) under the Investor Relations section.

### INVESTOR RELATIONS CALENDAR 2020





## Governance at FGV: Relations With Our Stakeholders

### COMMUNICATING WITH OUR STAKEHOLDERS

#### Summary of Investors Interests

Various engagements were conducted throughout 2020, including virtual meetings due to the movement restrictions in light of COVID-19 pandemic. As a result, Investor Relations identified the main concerns of stakeholders, as summarised below:

AREA OF FOCUS	FGV'S RESPONSE	
<b>Sustainability Issue</b>	<p>There were two sustainability issues in 2020</p> <ol style="list-style-type: none"> <li>1. RSPO audit <ol style="list-style-type: none"> <li>a. FGV submitted an appeal against the RSPO Complaints Panel (CP) directive to halt RSPO audits on 13 January 2020, but it was dismissed by the CP on procedural grounds.</li> <li>b. FGV continued to implement its action plan to address the CP's directives of 28 November 2018. Verification audit began on 13 November 2020 but site audits were postponed due to Conditional Movement Control Order (CMCO).</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>c. On PT Temila Agro Abadi, FGV appointed a third party soil surveyor to conduct soil survey as directed by the CP. FGV also conducted a socialisation exercise involving the local communities.</li> </ol> <ol style="list-style-type: none"> <li>2. US CBP WRO against palm oil and palm oil products made by FGV, its subsidiaries and joint ventures <ol style="list-style-type: none"> <li>a. The CBP issued a Withhold Release Order for FGV products and the FGV Board responded on the next steps to be taken.</li> </ol> </li> </ol>
<b>LLA Termination</b>	<p>When the LLA termination was announced, FGV responded that there was no official written letter with regard to this and that it will make an announcement once the Group has received the termination notice.</p>	<p>With regard to compensation for the termination, the Group is expecting a compensation of between RM3.5 and RM4.3 billion and this is not inclusive of mills operations.</p>
<b>Operational and Financial performance &amp; COVID-19</b>	<p><b>Operational Performance:</b></p> <ul style="list-style-type: none"> <li>• FGV provides operational guidance such as FFB volume, yield and OER for the year of 2020. The guidance has been reviewed and shared with analysts during the quarterly result announcements.</li> <li>• FGV anticipates Crude Palm Oil (CPO) prices to be favourable at around RM2,400 to RM2,500 for the year 2020, but gains from this have been offset by the lag effect of the drought season and the impact of COVID-19.</li> <li>• With the Movement Control Order (MCO) and closed border announcements by the Government, the plantation business has updated its foreign labour status on quarterly basis.</li> </ul>	<p><b>Financial Performance:</b></p> <ul style="list-style-type: none"> <li>• FGV reported its financial quarterly results with detailed explanations on the performance of the Group and business segments.</li> <li>• In addition, the Group has informed of a potential loss due to the COVID-19 pandemic.</li> <li>• The Group has also given the assurance that there will not be a huge impairment in 2020 together with the status of its cash balances and equivalents.</li> <li>• FGV conducted the 2020 Annual General Meeting (AGM) virtually and had virtual engagements with analysts, external stakeholders, third parties and the like.</li> <li>• During the year, the workforce followed the SOP directives of the Government. FGV implemented the work from home policy and also the Group applied work integrated with technology that is readily available in the company.</li> </ul>
<b>Take-Overs &amp; Mergers</b>	<ol style="list-style-type: none"> <li>1. The Board of Directors of FGV received a notice from the Board of Directors of FELDA informing them that they have entered into an agreement to acquire 13.88 per cent of FGV interest. This increased the shareholding of FELDA to 35.12 per cent. This acquisition enables FELDA (together with the parties involved) to submit a mandatory acquisition offer.</li> </ol>	<ol style="list-style-type: none"> <li>2. The FGV Board is of the opinion that this is a corporate exercise by its shareholders. The Board will therefore remain objective in its actions and will follow the appropriate process of acting in the best interests of the minority shareholders.</li> <li>3. The Board and Management will also continue to carry out their duties as usual until this corporate exercise is finalised. FGV will continue to strive to achieve good results in the interests of all parties.</li> </ol>
<b>Business Plan Strategy and Divestment</b>	<p>FGV announced the progress of its Business Plan strategy during quarterly results as stated below:</p> <ol style="list-style-type: none"> <li>1. Acquisition on Bright Cow and the Group strategy on Integrated Farming.</li> <li>2. Launched three essential food items under the flagship brand SAJI Rice, SAJI Coarse Sugar and SAJI Coconut Milk.</li> </ol>	<ol style="list-style-type: none"> <li>3. Granted a rice wholesale licence by the Ministry of Agriculture and Food Industries.</li> <li>4. New fresh milk factory with a capacity of 30,000 litres per day scheduled to be completed in 1H FY2021.</li> <li>5. Completion of two divestments which includes Kao Malaysia and FGV Cambridge Nanosystems, estimated at approximately RM57.2 million.</li> </ol>



## Other Stakeholder Engagements

### BRIEFINGS ON QUARTERLY RESULTS

FGV consistently hosts briefings and/or conference calls with analysts and the business media following the announcement of our quarterly results. Chaired by the GCEO or the GCFO, this platform enables the wider market to better understand the Group's performance and to seek clarifications on any concerns, if any.

In 2020, the majority of stakeholder engagements were conducted online because of the COVID-19 pandemic movement restrictions.

### CORPORATE WEBSITE

FGV's corporate website at [www.fgvholdings.com](http://www.fgvholdings.com) includes our corporate profile, all announcements made to Bursa Securities, summary of the key matters discussed at the AGM, the latest press releases, financial results, new changes in shareholding, presentations to investors, analyst's briefings, corporate news and contact details of designated persons to enable the public to forward queries to. The corporate website is updated periodically to provide current, informative and comprehensive information about the Group. In March 2020, FGV launched its revamped corporate website.

### MEDIA COVERAGE

The media is an important partner and intermediary between FGV and the masses. It facilitates communications and disseminates essential information to broadcast the Group's value-creation activities. Media coverage shapes how the public perceives FGV, and performs an important function in keeping the public actively involved in the Group's accomplishments.

For FGV, every action is considered to be newsworthy and the Group receives a lot of attention be it positive or otherwise. We continue to engage with both print and electronic media by sending out press releases once a week on average, to enable investors and the public to better understand the Group's business and its undertakings. We also share news on FGV's social media platforms (Facebook, Instagram, LinkedIn and YouTube) to gain wider audience reach. We average four to five posts per week on social media and have various engagement products for them.

In addition to this, Media Relations also play a vital role in assuring positive and consistent media coverage. Responding to the right media inquiry is the most critical element, to provide prompt and accurate information and explanations on behalf of the Group. FGV cultivates a good relationship with the media by diligently meeting the deadline given, and by being responsive to inquiries on the same day or within two to three days as a standard practice.

Further details on stakeholder engagement can be found on pages 82 to 84 of this report.

### GENERAL MEETINGS

The general meetings are the primary platform for direct two-way interaction and act as the principal forum for dialogue between the shareholders, the Board and the GMC.

In 2020, due to the Movement Control Order and uncertainty whether to delay the Annual General Meeting (AGM), FGV sent out the notice of the AGM and the related circular to shareholders 21 days prior to the AGM date on 28 May 2020. The notice of AGM was advertised in an English Malaysian newspaper and made available on our website at [www.fgvholdings.com](http://www.fgvholdings.com).

The 12<sup>th</sup> AGM on 19 June 2020 was conducted fully virtual to avoid large gatherings amidst COVID-19 pandemic. This is in compliance with the Securities Commission's Guidance Note and FAQs on conduct of General Meetings for Listed Issuers issued on 18 April 2020, 14 May 2020, 11 June 2020 and in line with the requirements under the Recovery Movement Control Order (RMCO) announced by the Government of Malaysia.

FGV had leveraged technology to facilitate remote shareholders' participation and electronic poll voting including voting in absentia (remote voting) via remote participation and voting facilities to encourage greater shareholders' participation. Shareholders were able to view the AGM proceedings through live streaming, pose questions to the Board/Management of the Company, and submit their votes remotely. The Chairman, a Board member, the GCEO, the GCFO, the Company Secretary, the External Auditors and the Independent Scrutineers were in attendance at the broadcast venue while other Board and GMC members were in attendance via video conferencing.

The GCEO presented FGV's performance report for FY2019. The responses to questions submitted by the Minority Shareholders Watch Group (MSWG) were then shared during the AGM with the shareholders. Shareholders who participated online were encouraged to participate by submitting questions on real time basis. Shareholders were given sufficient opportunity to seek clarification about the Group's activities, prospects the resolutions proposed, the Group's operations in general as well as expressing their expectations and concerns as they could start submitting questions an hour before the AGM time up until the voting session began. The Chairman and the GCEO then responded to questions raised and provided clarifications as required by the shareholders. All other questions unanswered have been addressed via e-mail after the AGM. Key matters discussed are published in the corporate website.

Shareholders were given ample time to submit their votes from the commencement of the AGM at 11.00 a.m. up until the end of the voting session. The poll results were presented to the shareholders who participated online after it has been validated by the Independent Scrutineers.

Moving forward, FGV plans to have an independent moderator at the 13<sup>th</sup> AGM to be held in 2021.



The outcome of the 2020 AGM were announced to Bursa Securities after the conclusion of the meeting and the summary of the minutes of the 2020 AGM is available on our website at [www.fgvholdings.com](http://www.fgvholdings.com).



# Governance at FGV: Integrity in Corporate Reporting

## FINANCIAL REPORTING AND DISCLOSURE

FGV's Board strives to present shareholders with a balanced and comprehensive assessment of the Group's financial performance, challenges and outlook. To facilitate this, the Group prepares audited Financial Statements and quarterly results that are further supported by the Chairman's Statement, the GCEO's Message and the Business Review in the AIR 2020.

The Board is also committed to releasing announcements in a timely manner in respect of the Group's performance. In the context of our Financial Statements, the Group adheres to the requirements set out in the Malaysian Financial Reporting Standards (MFRS), the International Financial Reporting Standards (IFRS), Bursa Securities Listing Requirements and the Companies Act 2016, as well as the laws and regulations in the respective countries in which FGV operates. Our annual Financial Statements and quarterly reports are also reviewed by the Audit Committee to ensure a fair representation of the Group and the Company.

The Board is committed to provide a fair and objective assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, Annual Integrated Reports and all other reports or statements to shareholders, investors and relevant regulatory authorities.



*The Statement on Directors' Responsibility in respect of preparation of FGV's Audited Financial Statements is set out on page 1.*

## ANNUAL INTEGRATED REPORT

This is FGV's 6<sup>th</sup> Annual Integrated Report and 9<sup>th</sup> Annual Report produced since our listing on Bursa Securities on 28 June 2012. The AIR provides a comprehensive coverage of the Group's operations and financial performance in 2020. FGV won the Best Annual Report in Bahasa Malaysia (Silver) from NACRA 2020.



*An online version of the AIR is also available on our website at [www.fgvholdings.com](http://www.fgvholdings.com).*

## STATEMENT BY THE BOARD

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Group has fulfilled its obligations under the relevant paragraphs of the Bursa Securities Listing Requirements, Companies Act 2016, MCGG 2017, Bursa Securities' Corporate Governance Guide 2017 and other applicable laws and regulations throughout the financial year ended 31 December 2020.

This Statement was made in accordance with a resolution of the Board of Directors approved on 31 March 2021.



# Statement on Risk Management and Internal Control

## HIGHLIGHTS OF THE YEAR

### World Finance Corporate Governance Awards 2020

**Winner** for the category  
of **Best Corporate Governance (Malaysia)**



### FGV Anti-Corruption Plan (FGVACP)



**TRANSFORMED,  
ENHANCED &  
STRENGTHENED** FGV's  
anti-corruption efforts  
through the implementation  
of FGVACP



### Online Integrity Pledge

Online **Integrity Pledge**  
rolled out to all **employees**  
across FGV Group

### Managing COVID-19 Pandemic: **A Comprehensive Action Plan**



COVID-19 **Task Force**

COVID -19 **Risk Assessment**

COVID-19 **Impact Analysis**

**Key Interruption Indicators (KII)**



# Statement On Risk Management And Internal Control

## 2020 MILESTONES

IN 2020, FGV CONTINUED WITH ITS TURNAROUND PLAN ANCHORED BY RIGOROUS GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS AND PRACTICES THAT ARE RESPONSIVE TO THE MYRIAD CHALLENGES FACED BY THE BUSINESS – NONE MORE SO THAN THE UNPRECEDENTED COVID-19 PANDEMIC. AGAINST THIS BACKDROP, A FEW SIGNIFICANT MILESTONES WERE ACHIEVED.

## Recognition by World Finance

FGV won the 2020 Best Corporate Governance (Malaysia) award from World Finance, a London-based quarterly print and online publication that is circulated in the world of finance and economics. The award represents international recognition of FGV's unstinting efforts to embed an integrated corporate governance culture across the Group, as indicated by the award criteria. Previous winners of this award include prominent Malaysian companies from diverse industries such as telecommunications and banking.

The award was based on the following criteria:

- Internal structures
- Internal and third party auditing policies
- Communication with stakeholders
- Boardroom composition and committee independence
- Shareholder rights
- Risk management policy
- Disclosure and transparency
- Remuneration and salaries
- Succession planning

## FGV Anti-Corruption Plan (FGVACP)

In April 2020, the Board approved the FGVACP that is to be aligned to the Organisational Anti Corruption Plan (OACP) adopted by Government Linked Companies (GLCs). This is required under the National Anti-Corruption Plan (NACP) to support the government's agenda towards combating corruption.

Following the enforcement of the MACC Act 2009, Section 17(A) on Corporate Liability, the FGVACP has further strengthened governance and integrity practices, by putting in place strategic anti-corruption initiatives.

FGVACP is an all-encompassing anti-corruption blueprint that comes at the heels of FGV's Anti Bribery Management System certification that was obtained in December 2019. This new plan was developed by strengthening the previous FGV Corporate Governance and Business Integrity Blueprint. It identified weaknesses, strengthened efficiency and minimised opportunities that could lead to corruption, fraud and abuse of power.

FGVACP represents the leadership's persistent efforts to establish FGV as a transparent and respectable organisation, with zero tolerance for corruption.

## Online Integrity Pledge

Realising that every employee of FGV should be vigilant and committed to the highest standards of honesty and integrity at all times and support the fight against corruption, FGV has mandated all employees to demonstrate this commitment by signing the Online Integrity Pledge.

Launched in July 2020, the pledge binds each employee to be accountable for their actions, act in the interest of FGV, lead by example by exhibiting integrity in personal behaviour, and report any incident of corruption immediately to the appropriate channels.

Notwithstanding the COVID-19 pandemic and work-from-home norms, over 90% of FGV employees have duly signed the Online Integrity Pledge as of 31 December 2020.



## Managing the COVID-19 Pandemic

In 2020, the world faced a challenge like no other: the COVID-19 pandemic. FGV responded with a comprehensive action plan that was implemented across the Group. These include:

### COVID-19 TASK FORCE



A COVID-19 focus group was set up in January 2020 and later formalised as a Task Force to prepare FGV's response to the COVID-19 pandemic. The Task Force comprised:

- Group Health & Safety • Group Governance & Risk Management
- Group Human Capital • Group IT • Group Strategic Communication
- Group Transformation • Facilities Management • FGV Security Services

The Task Force saw to the development of COVID-19 specific policies, guidelines, a Pandemic Response Plan and SOPs which were then communicated to all sectors across FGV for adoption and implementation. Each Task Force member contributed to the formulation and implementation of COVID-19 related action plans that were relevant to their functions. Some of the key mitigating actions undertaken include:

- Sharing of information and management directives via e-mail blasts to all employees on a regular basis. Additionally, wall posters, buntings, reception counter notices and LED boards, where applicable, were also used to guide and regulate movements of employees and visitors at various sites.

- Markers on seating arrangements, lift transportation, online meeting platforms, corporate events protocol and QR attendance codes were some of the measures put in place to enforce physical distancing requirements;
- Suspected or confirmed COVID-19 employees were required to observe home quarantine or observe any other health procedures as directed by the MKN/KKM;
- Provision of key food supplies to workers in estates during the Movement Control Order; and
- As part of FGV's pro-active measure, a COVID-19 screening programme was carried out in phases to ascertain the health status of migrant workers. Businesses affected by the pandemic were encouraged to monitor and address interruptions to their business by using the prescribed Key Interruption Indicators (as described below) for data gathering, reporting and monitoring suspected cases and worksite shutdowns as and when they occur.

The Task Force members from time to time updated each other on the latest pandemic related developments, internally and externally. The activities of the Task Force were also subject to guidance from the Senior Management and Board and ultimately directives from government authorities.

### COVID-19 RISK ASSESSMENT



In view of uncertainties arising from the COVID-19 pandemic, FGV undertook a Group-wide risk assessment of the impact of the pandemic on our business operations. Accordingly, we initiated the process of requesting and guiding business sectors to identify and analyse the impact of interruptions due to the Government's Movement Control Order on their operations and business performance. FGV then prepared and rolled out a baseline COVID-19 risk

assessment template that indicated the many possible interruptions, and identified their causes, effects and corresponding mitigations that were to be validated by each of the business sectors.

In Q2 2020, risk representatives started incorporating COVID-19 related risk and mitigations into their risk registers that were monitored by the Group Governance and Risk Management Division (GGRM).

### COVID-19 IMPACT ANALYSIS



GGRM prepared various reports on the COVID-19 pandemic that were presented to the Group Management Committee, Board Governance & Risk Management Committee and the Board of Directors throughout 2020. The reports contained analysis and assessments of the risks and potential impact of the pandemic from four perspectives: global, Malaysia, the Malaysian palm oil industry, before focusing on the status and risks to FGV operations. The reports included recommendations on how best to mitigate the impact of the pandemic and navigate through this unprecedented global outbreak.

Four COVID-19 Impact Analysis reports were issued every three months starting in April 2020. They provided insights into how the pandemic was developing from a macro perspective of the global and Malaysia's situation,

but also on how the palm oil industry and FGV – being the one of the country's biggest CPO producers – were faring with the corona wave.

Overall, these reports were cautious but reassuring. No doubt FGV was impacted by the pandemic but its core operations remained resilient, despite the shutdown of a few estates/mills in Sabah because of the high incidence of COVID-19 cases in the state in October 2020. As a food-producer, FGV was classified as an essential service by the Government and permitted to operate during the MCO. During this period, we had low density working conditions in our plantations, and also enforced strict social distancing SOPs, in compliance with MKN directives. As a result, FGV operations were largely uninterrupted during this challenging year that ended with a positive financial performance.

### KEY INTERRUPTION INDICATORS (KII)



Following the Government's Movement Control Order on 18 March 2020, FGV developed a methodology to track interruptions to critical operations and the status of infections among staff. This involved identifying and proposing indicators for business sectors to monitor. A total of six indicators were identified, known as 6 KII. They covered infections, operational shutdown, asset damage, supply chain and IT interruptions.

Inputs from the 6 KII data gathering, reporting and monitoring by business sectors were presented to the COVID-19 Task Force as well as internally among each business sector.

GGRM conducted a series of engagement sessions with business sectors to explain the use of the KIIs. It also analysed the KII data submitted by business sectors and provided an overview for reference by COVID-19 Task Force.



# Statement On Risk Management And Internal Control

## How We Approach Risk

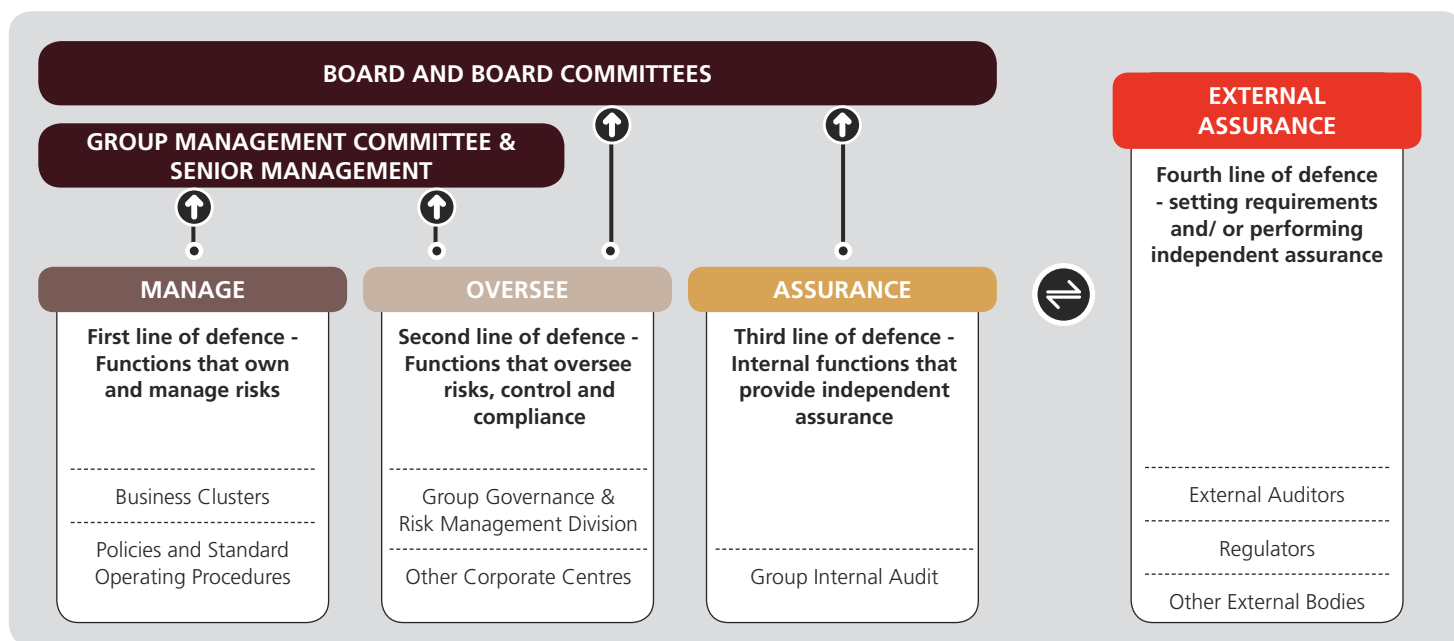
The achievement of the strategies enshrined in the strategic plan requires a strong risk-centric approach to ensure the Group is always aware and prepared for the myriad risks faced by the business.

This is underpinned by our robust internal controls and oversight framework, which are necessary prerequisites to the achievement of the Group's objectives.

## Overview of Our Approach

Effective risk management is an integral part of our business model and is intended to seek opportunities from the risks, lessen the potential impacts in the event risks are crystallised and protect our reputation, while ensuring profitability and business growth remain paramount.

The matrix for oversight, assurance, risk management and internal control is clearly set up in FGV. Our risk management oversight approach is premised on the four lines of defence model, coordinating the various players involved and their activities to effectively inculcate sound risk culture.



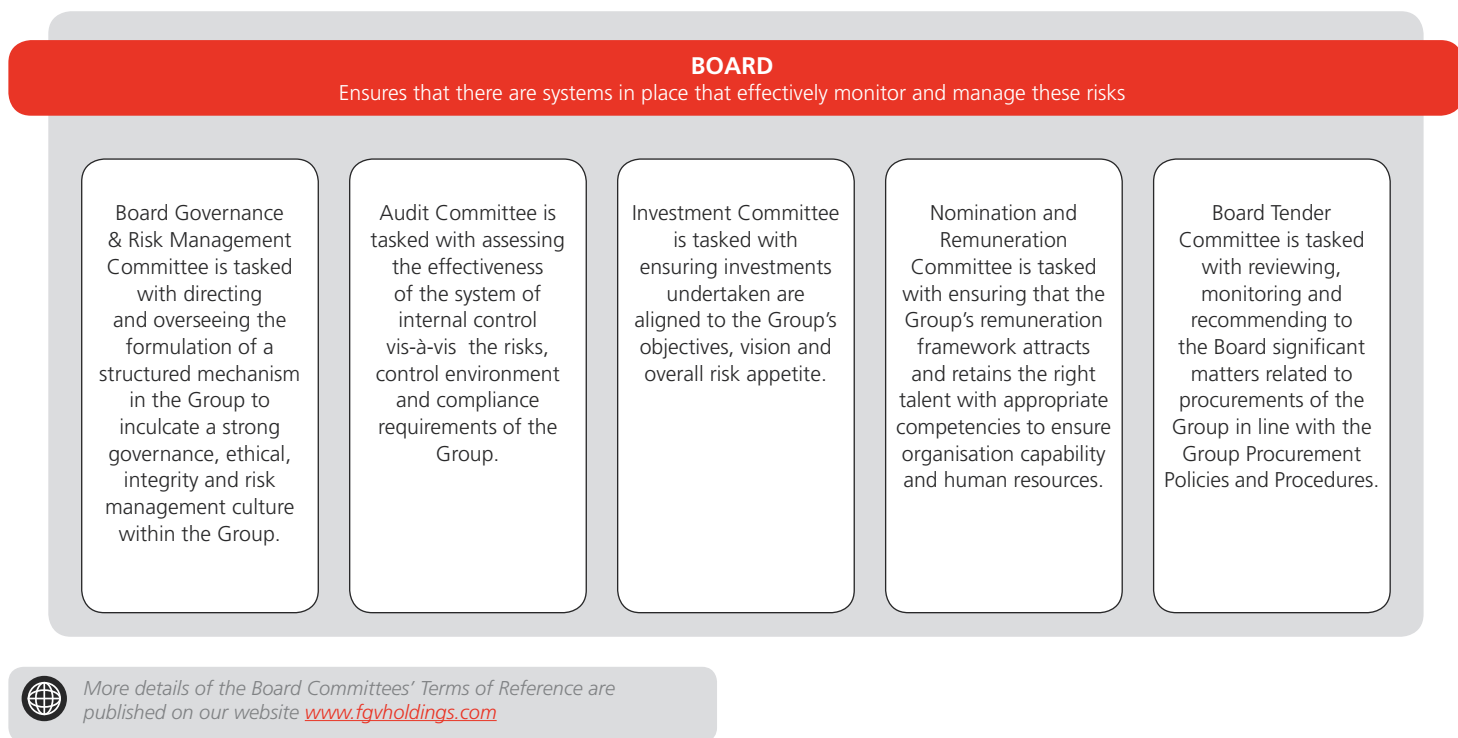
## Responsibilities and Accountabilities

The Board acknowledges the principal risks in all aspects of the Group's businesses and recognises that business decisions involve taking appropriate risks. The Board ensures that there are systems in place that effectively monitor and manage these risks.

For areas pertaining to risk management and internal control, the Board is responsible for the following:

- Determining the Group's overall risk appetite and level of risk tolerance and actively identifying, assessing and monitoring key business risks to safeguard shareholders' investments and the Group's assets, and communicating the same to the Senior Management.
- Appraising the Group's major current and emerging risks and ensuring that appropriate risk management and internal control procedures are in place.
- Considering and approving the Group's overall risk-reward strategy and framework for managing all categories of current and emerging risks relevant to the sustainability of the Group's businesses and the well-being of the Group and its stakeholders, consistent with its level of risk tolerance.
- Ensuring proper implementation and review the Group's internal controls system, which is continually upgraded to mitigate the Group's current and emerging risks.







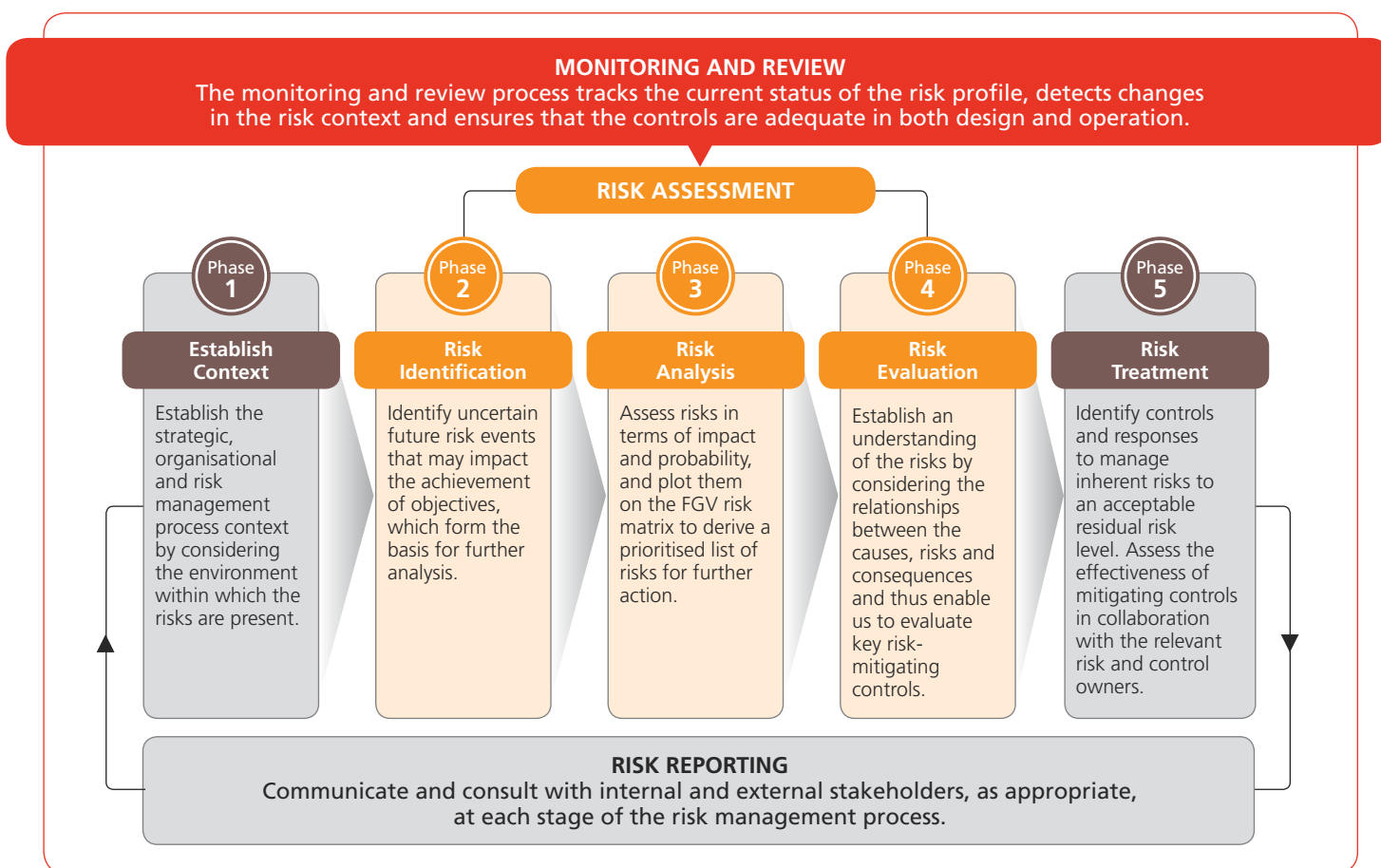
# Statement On Risk Management And Internal Control

## Risk Management Process

FGV manages, monitors and reports on the key risks and uncertainties that can impact our ability to deliver our strategy while creating shareholder value.

Our management systems, through our organisational structure, policies and procedures, core values and code of conduct, together form a system of internal control that governs how we operate the business of FGV and manage associated risks.

Our risk management process is supported by policies and procedures that are consistent with the ISO 31000 Risk Management Standard, developed to aid employees in undertaking their risk management responsibilities.

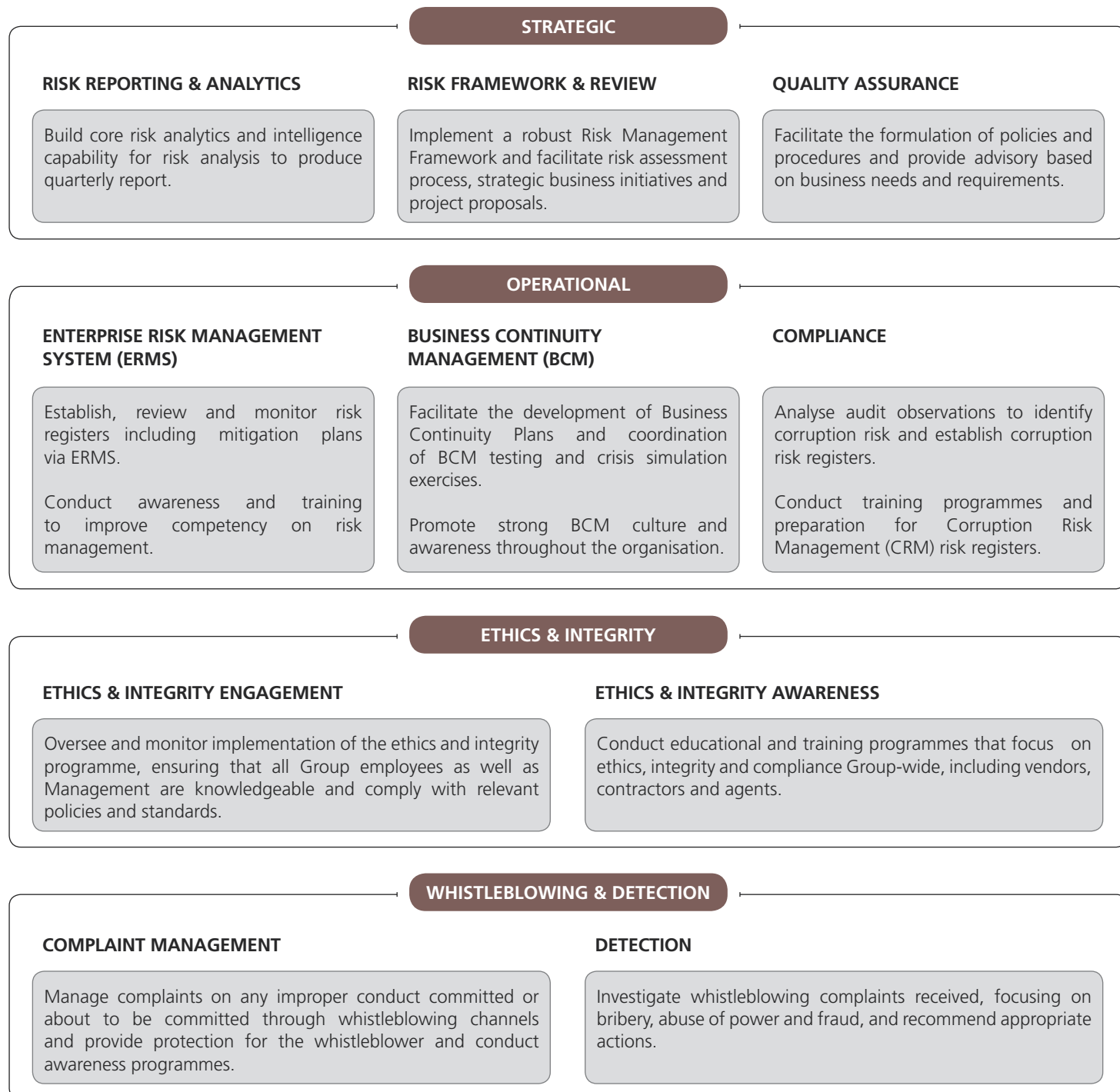


More details on the links between material matters, strategy and risks can be found on pages 85 to 91.



## Group Governance & Risk Management Division (GGRM)

At the Management level, the Board is supported by a dedicated GGRM Division that undertakes the following responsibilities within the ambit of its Strategic, Operational, Ethics & Integrity and Whistleblowing & Detection Departments:





# Statement On Risk Management And Internal Control

## Embedding a Governance and Risk Management Culture

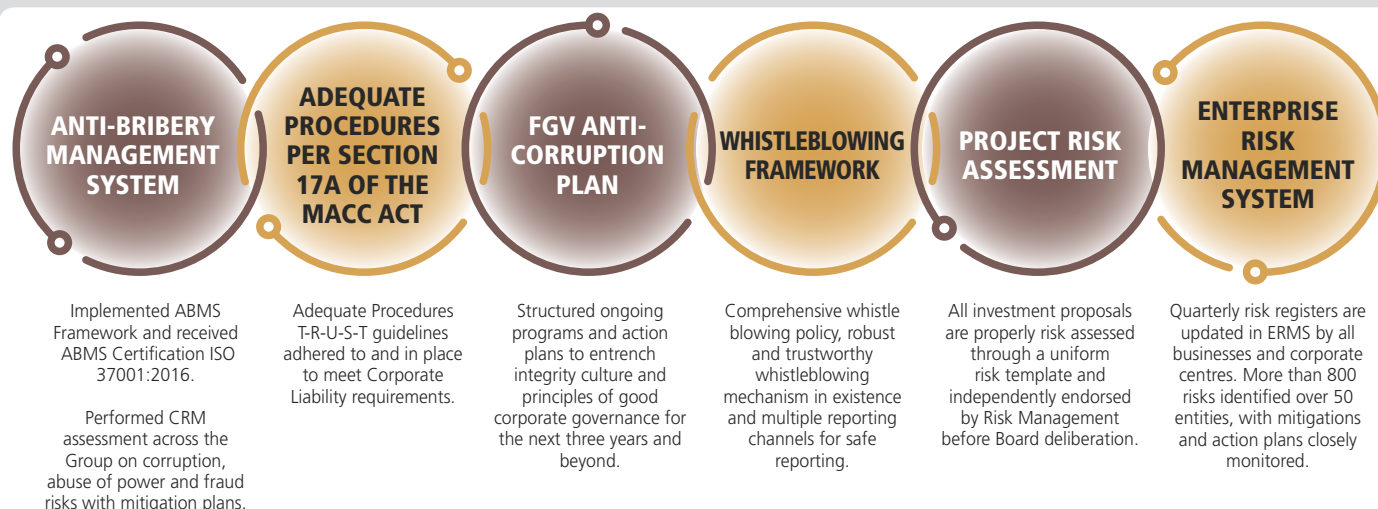
### Key Initiatives 2020

FGV has adopted a holistic approach to risk management to ensure decisions made at Board and Senior Management levels are cascaded down for action across the organisational hierarchy. The Group considers this as the key to embedding a dynamic risk management culture in the Group.

Continuous integration between strategies, governance and risk management is carried out to ensure a sound approach is embedded into business decision making and aligned with the Group's strategic objectives and aspirations.

### GOVERNANCE & RISK MANAGEMENT KEY INITIATIVES

Embedding sound governance and risk management framework in our business operations and investment decision making aligned with Group's strategic objectives with the implementation of the following key initiatives



### THE ABOVE INITIATIVES HAVE BENEFITED AND STRENGTHENED VARIOUS AREAS, FUNCTIONS, AND PROCESSES ACROSS THE GROUP





## OUR GOVERNANCE AND RISK MANAGEMENT CULTURE

Listed below are other key initiatives undertaken by GGRM to reinforce the governance and risk management culture within the Group.

### Project Risk Assessment (PRA)

Strengthened risk management process for key business decisions and project proposals by facilitating risk analysis as a prerequisite for GMC's evaluation prior to Investment Committee's approval. GGRM ensured all material risks in investment proposals are sufficiently captured and addressed by assessing and embedding appropriate risk management into decision making and applying sound methodology in the dimensioning and quantification of the relevant business or project risks.

### FGV Group Quarterly Risk Report (QRR)

The QRR is a platform utilised to report to Management and Board on key risks affecting the Group within and beyond a particular quarter. The risk report is generated by working closely with relevant business owners and stakeholders covering FGV Group Top 10 Risks, strategic risks, reputational risks, emerging risks, Risk Profile Monitor, Key Incidents Report and key governance and risk management activities, supplemented by monthly one-pager risk and governance summaries.

### Scenario/Impact Analysis

Scenario Analysis is a forward-looking exercise undertaken to gauge an organisation's resilience and preparedness during an unexpected crisis that bears potential catastrophic impact on the organisation. This exercise is applied on various topical issues. Additionally, Impact Analysis is an exercise performed to gauge the risks and probable impacts arising from current events. Several events were chosen whereby analysis was conducted, namely pandemic-led recession, global economic slowdown and Malaysia's political scenario.

### Risk Profile Monitor (RPM)

GGRM revamped and replaced the previous Risk Appetite Statement (RAS) with RPM which provides a wider scope of risk drivers encompassing fields such as economics, strategic and global issues that were insufficiently addressed in previous RAS. The rating of each driver is derived from its outlook which strengthened the forward-looking perspective of the risk profiler.

### Enterprise Risk Management System (ERMS) and Risk Register Training

ERMS awareness and risk register training sessions were conducted to educate staff on system functionalities and provide facilitation on the risk assessment process. ERMS training was provided to both new users as well as existing users who required refresher courses that were suitable for their roles as risk owners, risk champions or reviewers/approvers. Users were educated on the detailed risk assessment process including data entry as well as escalation flow of risks up to their respective sectors in ensuring smooth updates of their risk registers every quarter. In such sessions, GGRM also took the opportunity to explain how their entries contributed towards selection and compilation of sectoral and Group's top risks for reporting to Senior Management and the Board.

### Business Continuity Management (BCM)

BCP reviews were performed to ensure the criticality of functions and business impact assessments were current and reflective of the latest operating environment. BCP testing was conducted to ensure that FGV was capable of managing any risk event and able to handle disruptions in its critical activities and functions. BCM awareness training was conducted to educate staff on the objectives of BCM, its policies and procedures, as well as roles and responsibilities in the implementation of BCM. In compliance to the movement control orders by the authorities and policy on safe physical distancing, GGRM switched to an online platform approach where practical, to conduct BCP testing (e.g. call tree test) and awareness training sessions.

### Policies and Procedures

Facilitated the formulation of new and revision of policies and procedures by ensuring compliance to 'Mother Policy', conducted challenge process and worked closely with policy owners until approval was obtained from the Board. Approved policies and procedures were deposited into the Compliance Management System.

### Corporate Governance Report

GGRM completed the review of the Corporate Governance Report on Practice 3.1, 3.2, 9.1 & 9.2 in compliance with MCCG 2017 Best Practices.

### Ethics & Integrity Awareness Programmes

Conducted ethics & integrity initiatives including whistleblowing awareness programmes to educate FGV employees through online sessions, e-mail blasts, posters and the GGRM Hub.



# Statement On Risk Management And Internal Control

## Internal Control Structures

Our integrated internal control framework provides reasonable assurance to support the achievement of our strategic objectives. The framework is applicable to all subsidiaries within the Group except for the joint venture companies and associates not managed by us. Nevertheless, we ensure that our interests and investments are safeguarded by having Board representation(s) and/or nominated appointee(s) in the respective joint ventures and/or associates.

The key elements of our internal control structures are as follows:



### POLICIES & PROCEDURES

Our commitment towards internal control is clearly defined in our formal Policies & Procedures (P&P), in which proper formulation and review of the P&P is guided by the Governance of Policies & Procedures Policy. For new establishment and revision of policies, there will be a challenge process by a dedicated P&P working committee to ensure good governance practice is in place and that the scope of the P&P is adequate and consistently applied throughout the Group. These P&P are established with reference to International Standards such as, inter alia, ISO 37001, ISO 9001, ISO 14001, OSHAS 18001, and RSPO and also facilitate compliance with regulations, listing and governance requirements. The P&P are reviewed periodically to remain effective and relevant to support the Group's business activities at all times as it continues to grow and transform locally and across borders.

The P&P are stored in the Compliance Management System (internal hub) for easy access by employees and have been communicated across the Group via internal e-mail. In ensuring the P&P are being implemented and complied with, awareness programmes are periodically conducted through roadshows and forum events.

We have recently reviewed and revised the following P&P:

- Group Human Capital Policy
- Group Procurement Policy
- Group Sustainability Policy
- Fertiliser Raw Material Policy
- Whistleblowing Policy
- Group Limits of Authority

### ETHICS & INTEGRITY

FGV is committed to applying the highest standards of ethical conduct and integrity in conducting its business activities by putting in place adequate P&P as the fundamentals for internal control. It is also aligned with the Guidelines on Adequate Procedures for Corporate Liability, which are based on the five guiding principles of T-R-U-S-T. In tightening up the Group's internal control, FGV has developed and enhanced the following policies:

- **Anti-Bribery Policy Statement**  
FGV is committed to encouraging transparent and good ethical conduct and upholding a good image of integrity, transparency and accountability in all aspects of its business.
- **Code of Business Conduct and Ethics (CoBCE) for Employees**  
The CoBCE guides our employees in embracing the Group's values and in complying with applicable laws and regulations through honest, transparent and ethical business practices. The CoBCE covers areas such as compliance, integrity, conduct in the workplace, business conduct, protection of the Group's assets, confidentiality and conflict of interest.



## ETHICS &amp; INTEGRITY



- **External Gift, Entertainment & Hospitality Policy (GEH)**

The GEH Policy is based on good practices to govern the giving and receiving of gifts, entertainment and hospitality to or from third parties with emphasis on integrity, ethical standards and adherence to the law.

The Group endeavours to maintain a high standard of integrity, transparency and accountability in all aspects of its business through efficient, productive and disciplined behaviour.

- **Asset/Personal Interest Declaration Policy (APID)**

The APID Policy is intended to reflect Directors and employees' transparency towards the Group. It is also to ensure that assets and personal interests are acquired through reasonable legal means within their financial capacities and free from situations of conflict of interest.

- **Sponsorships & Donations Policy**

To align sponsorship and donation practices within FGV Group, to protect FGV's assets and to be in line with the National Integrity Plan, with the aim of reducing and eliminating corruption and business malpractice.

- **Referral Policy**

This policy provides guided parameters to ensure that referral protocols are adhered to in relation to when the information is received, the results of investigation and any other matters

related to it. Employees of FGV Group shall uphold the principles of integrity in their business operations. All employees shall cooperate and support all initiatives in order to prevent any misconduct or criminal offences.

- **Conflict of Interest Policy**

All employees and third parties of FGV Group shall act, at all times, in the best interest of FGV Group and not based upon their personal interest. Employees must not put themselves in a position where they are involved in an activity for personal gain, to themselves, their 'relative', 'associate' or third parties, or any activity that conflicts with FGV Group's interest.

- **Whistleblowing Policy and Procedures**

This policy is to establish the rules and principles for the process of complaint management, investigations and protection for the whistleblower. It provides various avenues for any employee or member of the public, including the minority shareholders, to report any improper conduct (misconduct or criminal offence) committed or about to be committed.

FGV is committed to fostering a culture of integrity and accountability, subsequently educating employees on raising concerns about any improper conduct (criminal offence or misconduct) and giving assurance of a secure and accessible channel as well as protection to whistleblowers.

## COMPETENCY



Throughout 2020, FGV continued to conduct programmes that are designed to further enhance the competency of its people based on the Leadership Competency Model that was established in 2019. These are in addition to the technical competencies development programmes that FGV Group provided or encouraged its people to participate. Some of the flagship/training programmes that were conducted in the year 2020 are:

- **Cadetship in Plantation and Management Programme (CPMP)**

Programme to develop the best Supervisors/newly appointed Assistant Managers to become competent Assistant Managers.

- **Estate Manager Competencies Assessment**

Programme to build organisational capability by assessing Functional & Leadership competency gaps for our Estate Managers/Mill Managers as part of Training Needs Analysis and for better rotation exercise.

- **Leadership Competencies and Effective Feedback & Coaching Workshop**

Programme to equip executives and above with the understanding of FGV's 18 Leadership Competencies that is aligned to the P.R.I.D.E Core Values and further providing coaching techniques to enable them to facilitate and coach their employees using the BEST (Build Rapport – Exchange Information – Seek Agreement – Take Action) & STAR (Situation – Task – Action – Results) Model.

- **Potential Estate Manager Programme (PEMP)**

Programme to develop the best Assistant Managers to become competent Estate Managers.

- **Potential Estate Supervisor Programme (PESP)**

Programme to develop the best Field Assistants/newly appointed estates supervisor to become competent supervisors.

- **PRIDE Leadership Competencies Workshop**

Programme to equip executives and above with knowledge of FGV Core Values (P.R.I.D.E) and its respective Leadership Competencies through behaviours/skills appropriate as our work culture.

- **Malaysian Financial Reporting Standards (MFRS) training for 50-100 pax**

Programme to keep FGV accountants abreast of digital developments for financial and accounting functions.

- **Launch of FGV Accountant Certification (ACe) Programme**

On-the-job mentorship programme for nine FGV employees studying for professional accountancy examinations. This is part of FGV's professional talent development.



# Statement On Risk Management And Internal Control

## INFORMATION & MONITORING



FGV's performance against the business plan and annual budget is measured and monitored through the following mechanisms:

### Tableau Online Performance Dashboard

Selected key employees use the Tableau as a performance dashboard to monitor monthly business performance and to analyse and make appropriate business decisions with the view of achieving the Group's organisational goals. The Tableau performance dashboard covers both financial and operational parameters.

The dashboard is reviewed by the Group Chief Financial Officer (GCFO) and accessible to FGV Top Management.

### Financial and Operational Review

The GCEO and GCFO present the Group Quarterly Financial Statements and Operational Performance analysis to the Audit Committee and the Board. The Board-approved Group Quarterly Financial Statements are subsequently announced to Bursa Securities.

In addition, monthly financial and operational reviews are conducted at GMC level.

## AUTHORITY & RESPONSIBILITY



### Organisation Structure

In the year 2020, FGV Group made some changes to its Group structure to reflect its two new growth areas: Integrated Farming and Consumer Products, both reporting direct to the GCEO. Consumer Product Sector, led by a Chief Consumer Product Officer who joined FGV in June 2020, was created to focus on the marketing and distribution of FGV's consumer products. Integrated Farming Division, on the other hand, which was previously under the Plantation Sector, now reports directly to the GCEO.

### FGV Group's Limit of Authorities (LOA)

The Group LOA which is approved by FGV Board promotes organisational efficiency by empowering Management in the running of FGV day-to-day business activities and is aligned to the Group's business conducts and risks tolerance. The Group LOA establishes a sound framework and inculcates accountability within the Group, including the segregation of duties, which facilitate timely, effective and quality decision making in addition to a stricter financial controls.

During the year, Management continues to review and update the Group's LOA to ensure its applicability and alignment with the Group's other Policies.



## Review of Risk Management and Internal Control

In ensuring continuous improvement of the risk management and internal control system, FGV conducted the following review processes during the financial year:

### ASSESSMENT OF CONTROLS

Business units, in collaboration with GGRM, conducted assessments on the effectiveness of controls over key risk areas surrounding their operations and other initiatives. The exercise was meant to ascertain whether the emplaced controls were adequate and operating as intended or required improvement in order to fully address the identified gaps.

### REVIEW OF RISK REGISTER

GGRM coordinated the quarterly review of risk registers with the business units to ensure changes in the risk profiles were captured in the ERMS, assessed and evaluated and that appropriate mitigation measures were being formulated.

### INDEPENDENT GROUP INTERNAL AUDIT REVIEW

Group Internal Audit conducted regular and systematic reviews to provide independent and objective assurance to the Management, Audit Committee and the Board, focusing on the adequacy and effectiveness of control over governance, risk management and processes.

## Risk Management Approach for FGV's Listed Subsidiary

MSM Malaysia Holdings Berhad (MSM), as a listed subsidiary of FGV, undertakes its risk management and internal control responsibilities through its Investment Committee and Board Audit, Governance and Risk Committee for subsequent deliberation by MSM's Board. Any risks identified as having significant impact on FGV Group are reported to FGV Board's Governance & Risk Management Committee and where they have a direct impact on the financial performance of the Group, are reported directly to the FGV Audit Committee, and subsequently to FGV's Board.

## Review of Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide (AAPG) three (3) issued by the Malaysian Institute of Accountants. AAPG three (3) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

## Statement by the Board

Based on the processes and measures undertaken by the Board and its Committees during the financial year and reasonable assurance provided by the GCEO and the GCFO, the Board is of the view that the Risk Management Framework and internal control system as described in this Statement have been operating adequately and effectively in all material aspects to safeguard the interests of our stakeholders.

This Statement was made in accordance with a resolution of the Board of Directors approved on 31 March 2021.



# ADDITIONAL INFORMATION

242	Share Price Movement
243	Financial Calendar
244	Analysis of Shareholdings
248	Top 10 Properties of FGV Group
250	Additional Disclosure: <ul style="list-style-type: none"><li>Utilisation of Proceeds</li><li>Non-Audit Fees</li><li>Material Contracts</li><li>Long Term Incentive Plan (LTIP)</li><li>Share Issuance Scheme</li><li>Recurrent Related Party Transaction of Revenue or Trading Nature</li></ul>
259	Application of the Principles and Practices of the Malaysian Code on Corporate Governance 2017 (MCCG 2017)
262	13 <sup>th</sup> Annual General Meeting Notice
265	Administrative Details Proxy Form





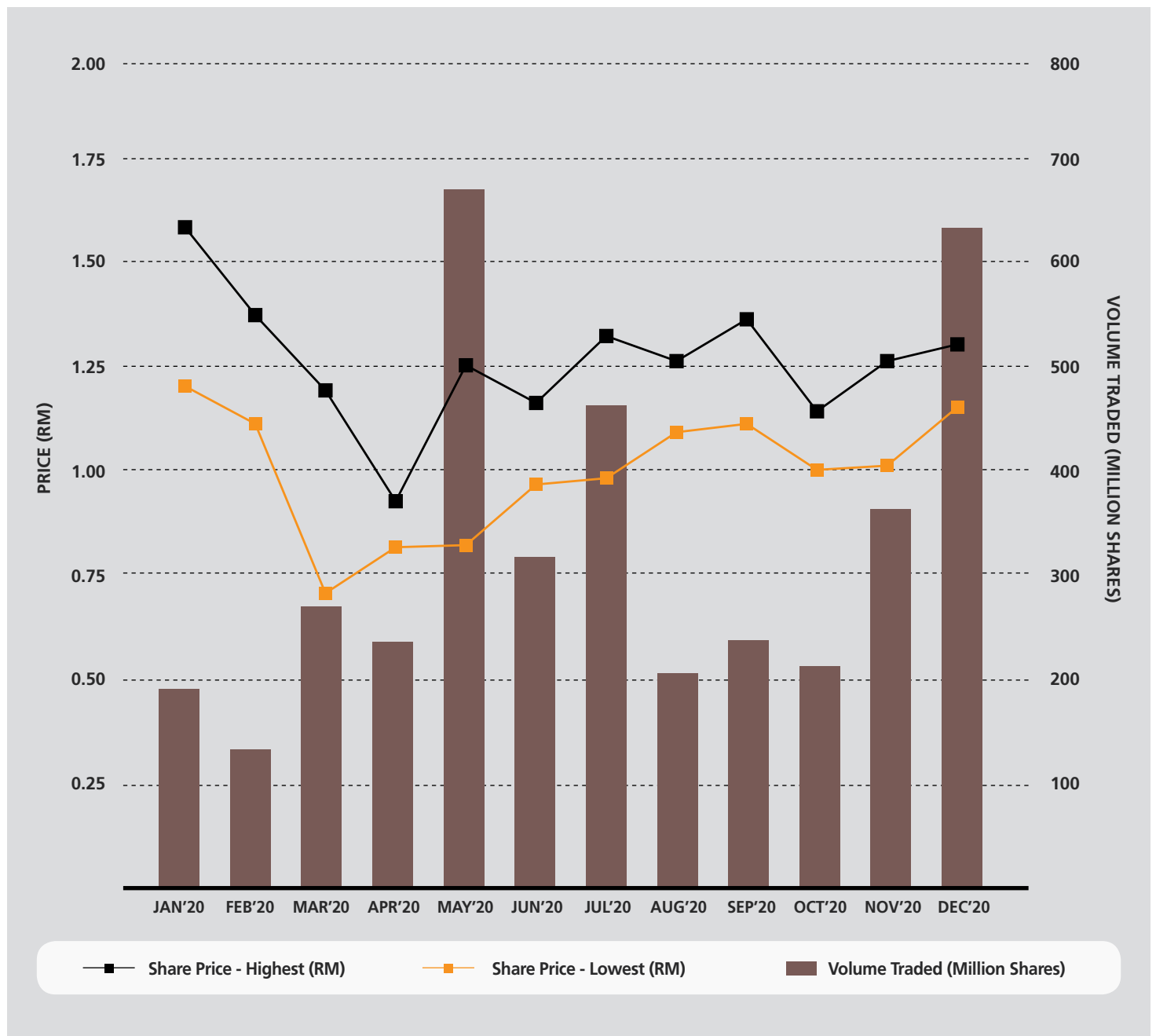
# FGV





# Share Price Movement

## FGV SHARE PRICE PERFORMANCE 2020





# Financial Calendar

## FINANCIAL CALENDAR 2020

### QUARTERLY RESULTS

- I 28 February 2020**  
Announcement of the unaudited consolidated results for the 4<sup>th</sup> quarter ended 31 December 2019
- II 28 May 2020**  
Announcement of the unaudited consolidated results for the 1<sup>st</sup> quarter ended 31 March 2020
- III 24 August 2020**  
Announcement of the unaudited consolidated results for the 2<sup>nd</sup> quarter ended 30 June 2020
- IV 17 November 2020**  
Announcement of the unaudited consolidated results for the 3<sup>rd</sup> quarter ended 30 September 2020

### ANNUAL AUDITED ACCOUNTS

- I 28 April 2020**  
Announcement of the Annual Audited Accounts for the financial year ended 31 December 2019 and issuance of Annual Integrated Report 2019

### ANNUAL GENERAL MEETING

- I 28 May 2020**  
Notice of the 12<sup>th</sup> Annual General Meeting
- II 19 June 2020**  
12<sup>th</sup> Annual General Meeting

## FINANCIAL CALENDAR 2021

### QUARTERLY RESULTS

- I 26 February 2021**  
Announcement of the unaudited consolidated results for the 4<sup>th</sup> quarter ended 31 December 2020

### ANNUAL AUDITED ACCOUNTS

- I 28 April 2021**  
Announcement of the Annual Audited Accounts for the financial year ended 31 December 2020 and issuance of Annual Integrated Report 2020



# Analysis of Shareholdings

AS AT 19 MARCH 2021

Issued and Paid-up Share Capital	: 3,648,151,500 ordinary shares and 1 special share
Class of Shares	: Ordinary shares Special share
Voting Right	: One (1) vote per ordinary share

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Category	No. of Shareholders		Total No. of Shareholders		No. of Issued Shares		Total No. of Issued Shares	
	Malaysian	Foreigner	No.	Percentage (%)	Malaysian	Foreigner	No.	Percentage (%)
Less than 100	611	3	614	2.15	4,382	93	4,475	0.00
100 to 1,000	19,227	23	19,250	67.38	14,983,559	13,236	14,996,795	0.41
1,001 to 10,000	6,075	55	6,130	21.45	28,807,734	294,538	29,102,272	0.80
10,001 to 100,000	2,207	44	2,251	7.88	69,168,373	1,809,100	70,977,473	1.95
100,001 to less than 5% of issued shares	282	39	321	1.12	479,192,687	152,754,040	631,946,727	17.32
5% and above of issued shares	5	0	5	0.02	2,901,123,758	0	2,901,123,758	79.52
<b>TOTAL</b>	<b>28,407</b>	<b>164</b>	<b>28,571</b>	<b>100.00</b>	<b>3,493,280,493</b>	<b>154,871,007</b>	<b>3,648,151,500</b>	<b>100.00</b>

## ANALYSIS OF EQUITY STRUCTURE

No.	Category of Shareholders	No. of Shareholders		No. of Issued Shares		Percentage (%) of Issued Shares	
		Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1.	Individual	9,934	97	115,809,070	4,238,012	3.17	0.12
2.	Body Corporate						
	a. Banks/finance companies	7	0	3,431,700	0	0.09	0.00
	b. Investment trust/foundation/ charities	0	0	0	0	0.00	0.00
	c. Industrial and commercial companies	163	7	567,941,410	8,383,700	15.57	0.23
3.	Government agencies/institutions	10	0	407,137,300	0	11.16	0.00
4.	Nominees	18,293	60	2,398,961,013	142,249,295	65.76	3.90
5.	Others	0	0	0	0	0.00	0.00
<b>TOTAL</b>		<b>28,407</b>	<b>164</b>	<b>3,493,280,493</b>	<b>154,871,007</b>	<b>95.75</b>	<b>4.25</b>



**SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)**

No.	Name	Direct Interest		Indirect/Deemed Interest	
		No. of Issued Shares	Percentage (%) of Issued Shares	No. of Issued Shares	Percentage (%) of Issued Shares
1.	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	2,394,584,391	65.64	452,921,192	12.42
	- Own Account	3,188,300			
	- Own Account (MOF - Akaun Jaminan Pinjaman Kerajaan Persekutuan)	400,000,000			
	- Maybank Nominees (Tempatan) Sdn. Bhd.	1,493,953,491			
	- Maybank Nominees (Tempatan) Sdn. Bhd.	371,841,500			
	- Maybank Nominees (Tempatan) Sdn. Bhd.	125,601,100			
2.	FELDA ASSET HOLDINGS COMPANY SDN. BHD.				
	- Own Account	452,921,192	12.42	-	-
3.	KERAJAAN NEGERI PAHANG				
	- Maybank Nominees (Tempatan) Sdn. Bhd.	182,407,575	5.00	-	-

**DIRECTORS' SHAREHOLDINGS**

No.	Name	Direct Interest		Indirect/Deemed Interest	
		No. of Issued Shares	Percentage (%) of Issued Shares	No. of Issued Shares	Percentage (%) of Issued Shares
1	DATUK WIRA AZHAR ABDUL HAMID	-	-	-	-
2	DATO' YUSLI MOHAMED YUSOFF	-	-	-	-
3	DATO' AMIRUDDIN ABDUL SATAR	-	-	-	-
4	DATUK MOHD ANWAR YAHYA	-	-	-	-
5	DR. MOHAMED NAZEEB P.ALITHAMBI	7,000	0.00	-	-
6	DATIN HOI LAI PING	-	-	-	-
7	DR. ZUNIKA MOHAMED	-	-	-	-
8	DATO' SHAHROL ANUWAR SARMAN	-	-	-	-
9	DR. NESADURAI KALANITHI	-	-	-	-

**Note:**

- The Directors' interests in shares of FGV and its related corporations are set out in the Directors' Report in FGV's Audited Financial Statements for the financial year ended 31 December 2020.
- Dato' Haris Fadzilah Hassan, Group Chief Executive Officer of FGV, who is not a Director of FGV, has indirect interest of 25,000 shares in FGV.



# Analysis of Shareholdings

TOP 30 SECURITIES ACCOUNT HOLDERS			
No.	Name	No. of Issued Shares	Percentage (%) of Issued Shares
1	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (564212105881)	1,493,953,491	40.95
2	FELDA ASSET HOLDINGS COMPANY SDN. BHD.	452,921,192	12.42
3	MINISTER OF FINANCE AKAUN JAMINAN PINJAMAN KERAJAAN PERSEKUTUAN	400,000,000	10.96
4	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (464016811369)	371,841,500	10.19
5	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KERAJAAN NEGERI PAHANG	182,407,575	5.00
6	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEMBAGA KEMAJUAN TANAH PERSEKUTUAN	125,601,100	3.44
7	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	100,748,208	2.76
8	CITIGROUP NOMINEES (ASING) SDN. BHD. UBS AG	83,799,117	2.30
9	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. SDB ASSET MANAGEMENT SDN. BHD. FOR CHIEF MINISTER STATE OF SABAH	65,934,066	1.81
10	AFFIN HWANG NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR LEI SHING HONG SECURITIES LIMITED (CLIENTS A/C)	22,000,000	0.60
11	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. SDB ASSET MANAGMENT SDN. BHD. FOR EKUITI YAKINJAYA SDN. BHD.	20,869,113	0.57
12	RHB NOMINEES (TEMPATAN) SDN. BHD. OSK CAPITAL SDN. BHD. FOR YAYASAN ISLAM TERENGGANU	16,455,100	0.45
13	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR CGS-CIMB SECURITIES SDN. BHD. (FELDA IPO SMF)	11,832,300	0.32
14	HSBC NOMINEES (ASING) SDN. BHD. CREDIT SUISSE (HONG KONG) LIMITED	10,098,400	0.28
15	BIMSEC NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR BANK ISLAM MALAYSIA BERHAD (FGVH)	6,872,800	0.19
16	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	6,400,700	0.18
17	MIDF AMANAH INVESTMENT NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FOXTON CONSULTING - F.Z.E (CTS-FCF0001C)	5,965,000	0.16
18	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (8071811)	5,618,300	0.15



No.	Name	No. of Issued Shares	Percentage (%) of Issued Shares
19	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE AG (DUB CLT N-TREAT)	4,373,800	0.12
20	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	3,961,700	0.11
21	CHIN CHIN SEONG	3,754,000	0.10
22	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (GROWTH)	3,668,400	0.10
23	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BARNES & BARRETT (M) SDN. BHD. (CTS-BAB0003C)	3,521,400	0.1
24	HSBC NOMINEES (ASING) SDN. BHD. HSBC-FS P FOR HSBC POOLED VC ASIA PACIFIC EX JAPAN EQUITY FUND	3,485,600	0.1
25	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ZULKIFLI BIN ISMAIL	3,350,000	0.09
26	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	3,205,600	0.09
27	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	3,188,300	0.09
28	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM	3,150,000	0.09
29	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (MQ0423)	3,109,500	0.09
30	AMSEC NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AMBANK ISLAMIC BERHAD (FELDA)	2,881,800	0.08



# Top 10 Properties of FGV Group

Location	Tenure	Year Lease Expiring	Approximate Area (Hectares)	Description	Year of Acquisition	Net Book Value (RM'000)
<b>1. Sabah</b> Sahabat 07, Sahabat 30, Sahabat 40, Sahabat 41, Sahabat 42, Sahabat 43, Sahabat 46, Sahabat 48, Sahabat 50, Sahabat 51, Sahabat 52, Sahabat 53, Sahabat 54, Sahabat 21, Sahabat 22, Sahabat 23, Sahabat 24, Sahabat 25, Sahabat 26, Sahabat 28, Sahabat 31, Sahabat 33, Sahabat 34, Sahabat 35, Sahabat 36, Sahabat 09, Sahabat 10, Sahabat 11, Sahabat 12, Sahabat 16, Sahabat 17, Sahabat 20, Sahabat 38, Sahabat 39, Sahabat 44, Sahabat 45, Sahabat 55, Sahabat 56, Kalabakan Selatan, Kalabakan Utara 01, Umas 05, Umas 06, Tenegang, Sahabat, Tawau, Sandakan, Lahad Datu, Umas, Baiduriayu, Kalabakan, Embara Budi, Fajar Harapan, Merchu Puspita, Hamparan Badai, Kembara Sakti, Nilam Permata, Jeragan Bistari, Lanchang Kemudi.	Leasehold	2028 - 2887	128,692	Oil palm estates and palm oil mills and refining plant	1996-2013, 2016	<b>1,120,702</b>
<b>2. Sarawak</b> Lot 15 Dulit Land Batang Tinjar, Baram. Lot 20 Dulit Land Long Aya, Tinjar, Baram. Lot 10 Dulit Land Along Batang Tinjar, Baram. Lot 16 Dulit Land Batang Tinjar, Baram. Lot 68, Bok Land, Sg Bok, Dulit, Baram. Lot 23 Dulit Land Sg Bok, Dulit, Baram. Lot 17, 18 & 19 Patah Land District, Sg Aran & Sg Tema-ah, Miri. Sampadi 01, Sampadi 03, Sampadi 04, Sampadi 05, Sampadi 06, Sampadi.	Leasehold	2063 - 2111	32,803	Oil palm estates and palm oil mills	2012-2014	<b>216,121</b>
<b>3. Pahang Darul Makmur</b> Berabong 01, Selendang 03, Selendang 04, Selanchar 06, Selanchar 08, Selanchar 09, Chegar Perah 02, Kechau 02, Kechau 03, Kechau 06, Kechau 07, Kechau 08, Kechau 10, Kechau 11, Krau 02, Krau 04, Telang 01, Bera Selatan 01, Bera Selatan 03, Bera Selatan 04, Bera Selatan 05, Bera Selatan 07, Keratong 11, Mengkarak 01, Mengkarak 02, Tembangau 03, Tembangau 05, Tembangau 06, Tembangau 08, Tembangau 07, Tembangau 09, Bukit Sagu 04, Bukit Sagu 06, Bukit Sagu 07, Bukit Sagu 08, Lepar Hilir 05, Lepar Hilir 06, Lepar Hilir 08, Merchong, Chini Timur 04, Lepar Utara 05, Lepar Utara 07, Lepar Utara 08, Lepar Utara 09, Lepar Utara 11, Lepar Utara 14, Terapai 01, Terapai 03, Triang 02, Triang 04, Triang Selatan 01, Jengka 21, Keratong 2, Bkt Mendi, Pdg Piol, Kepayang, Gelanggi, Neram, Chini 3, Tementi, Mempaga, Kemasul, Keratong 3, Seroja, Tersang, Keratong 9, Selendang A, Lepar Utara 4, Chini 2, Jengka 8, Lepar Hilir, Bukit Sagu, Lepar Utara 6, Panching, Triang, Kerau, Kechau A, Kechau B, Tanjung Gelang.	Leasehold	2027 - 2111	143,902	Oil palm estates, palm oil mills and refining plant	2012	<b>226,716</b>



Location	Tenure	Year Lease Expiring	Approximate Area (Hectares)	Description	Year of Acquisition	Net Book Value (RM'000)
<b>4. Johor Darul Takzim</b> Inas Selatan, Kledang 02, Maokil 06, Maokil 07, Nitar Timur, Paloh, Tenggaroh 09, Tenggaroh 11, Tenggaroh 12, Tenggaroh 13, Tenggaroh Timur 02, Palong Timur 04, Palong Timur 05, Semencu, Bukit Besar, Air Tawar, Penggeli, Kahang, Lok Heng, Selanchar 2A, Tenggaroh 4, Adela, Moakil, Nitar, Selanchar 2B, Belitong, Wa Ha, Tenggaroh Timur, Kulai, Plentong, Pasir Gudang, Tanjung Langsat Industrial Complex.	Leasehold	2018 - 2111	33,915	Oil palm estates, palm oil mills, factory, warehouse, storey offices and sugar refinery plant	2012-2015	<b>257,064</b>
<b>5. Kelantan Darul Naim</b> Aring 02, Aring 03, Aring 04, Aring 05, Aring 06, Aring 08, Aring 10, Chiku 04, Chiku 08, Aring B, Kemahang, Chiku, Aring A.	Leasehold	2111	24,620	Oil palm estates and palm oil mills	2012	<b>99,178</b>
<b>6. Perlis Indera Kayangan</b> PN 37, Lot No : 2040, Kampong Baru, Chuping. PN 39, Lot No : 2035, Bukit Merah, Chuping. PN 40, Lot No : 2038, Store Chia, Chuping. PN1755, Lot 18794, Mukim Chuping. PN 43, Lot No : 2037, Air Hujan, Chuping. HS (D) 145, PT, Chuping.	Leasehold	2061 - 2062	4,340	Rubber and other crops plantation and buildings	2011	<b>76,821</b>
<b>7. United States of America</b> 740-760, 749-773, and 780 Washington Street, Quincy, Massachusetts, 02169 United States of America.	Freehold		Built up area: 4.38	Production of fatty acids and glycerine with distribution facilities for ocean shipping and shipping by rail	2008-2009	<b>60,126</b>
<b>8. Terengganu Darul Iman</b> Chador 01, Cherul 03, Rantau Abang 01, Semaring 01, Setiu 01, Jerangau Baru, Jerangau Barat, Kertih, Chalok.	Leasehold	2111	13,395	Oil palm estates and palm oil mills	2012	<b>39,024</b>
<b>9. Negeri Sembilan</b> Palong 17, Palong 18, Palong 21, Serting Hilir 08, Serting, Serting Hilir, Palong Timur, Pasoh.	Leasehold	2111	12,867	Oil palm estates and palm oil mills	2012	<b>25,597</b>
<b>10. Perak</b> Besout 06, Besout 07, Lawin Tengah, Nenering 02, Tawai 01, Tawai 02, Trolak, Besout.	Leasehold	2111	15,551	Oil palm estates and palm oil mills	2012	<b>20,078</b>



# Additional Disclosure

## UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2020.

## NON-AUDIT FEES

The amount of non-audit fees rendered to the Group by its external auditors, PricewaterhouseCoopers PLT (PwC), for the financial year ended 31 December 2020 amounted to RM602,000 and was within the allowable threshold.

## MATERIAL CONTRACTS

There was no material contract entered into by the Company or its subsidiaries either still subsisting at the end of the financial year 2020 or entered into since the end of the previous financial year ended 31 December 2019.

## LONG TERM INCENTIVE PLAN (LTIP)

Details of the LTIP are provided on page 3 of FGV Audited Financial Statements 2020.

## SHARE ISSUANCE SCHEME

There was no Share Issuance Scheme declared or implemented in 2020.

## RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

At the 12<sup>th</sup> AGM held on 19 June 2020, the Company had obtained a general mandate from its Shareholders' for the existing recurrent related party transactions of a revenue or trading nature, to be entered into by FGV and its Group of Companies ("FGV Group") as set out in the Circular to Shareholders dated 28 May 2020 (RRPT Mandate). The RRPT Mandate is valid until the conclusion of the forthcoming 13<sup>th</sup> AGM of the Company.

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 31 December 2020 are as follows:

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
1	KPF-Linked Subsidiaries, MSM Group of Companies & FGV Trading	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>FELDA</li> <li>FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>Dato' Amiruddin Abdul Satar</li> <li>Dato' Shahrol Anuwar Sarman</li> <li>Dato' Othman Omar</li> <li>Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>KPF</li> </ul>	Provision of management and shared services	64,293



Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
2.	FGV Group	KPF-Linked Subsidiaries	Interested Major Shareholders:	Supply of fertiliser, oil palm seeds and fertilisers recommendation services	511
			<ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul>		
			Interested Directors:	Rental for buildings/ houses at various places having rental period of less than 3 years on pro-rated monthly or annual instalments basis, for purposes of offices, store rooms, laboratories, pump houses, staff squatters and etc.	1,334
			<ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul>		
			Interested Directors in KPF-Linked Subsidiaries*	Purchase of FFB	105,988
			Interested person connected:		
			<ul style="list-style-type: none"> <li>• KPF</li> </ul>		
3.	FGV Group, FELDA Group of Companies	KPF-linked Subsidiaries	Interested Major Shareholders:	Provision of engineering consultancy and project management services	55
			<ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul>		
			Interested Directors:		
			<ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul>		
			Interested Directors in KPF-Linked Subsidiaries*		
			Interested person connected:		
			<ul style="list-style-type: none"> <li>• KPF</li> </ul>		
4.	FGV Group, MSM Group of Companies, FELDA Group of Companies, KPF Related Corporations, Yayasan Felda	FGV Prodata	Interested Major Shareholders:	Computer and printer rentals; sale and renting of IT services; rental and service of computers	61,162
			<ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul>		
			Interested Directors:		
			<ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul>		
			Interested Directors in KPF-Linked Subsidiaries*		
			Interested person connected:		
			<ul style="list-style-type: none"> <li>• KPF</li> <li>• Yayasan Felda</li> </ul>		
5	FGV Group, MSM Group of Companies, FELDA Group of Companies, KPF Related Corporations, Yayasan Felda	KPF-linked Subsidiaries	Interested Major Shareholders:	Provision of security services	54,316
			<ul style="list-style-type: none"> <li>• FAHC</li> </ul>		
			Interested Directors:		
			<ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul>		
			Interested Directors in KPF-Linked Subsidiaries*		
			Interested person connected:		
			<ul style="list-style-type: none"> <li>• KPF</li> <li>• Yayasan Felda</li> </ul>		



## Additional Disclosure

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
6	FGV Group, MSM Group of Companies, KPF Related Corporation	KPF-linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of logistic services (including courier, transportation, freight forwarder services)	191,786
7	FELDA Group of Companies & KPF Related Corporations	KPF-linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Jetty commissions; provision of courier services	736
8	MSM Group of Companies, FELDA Group of Companies, KPF-linked Subsidiaries and KPF Related Corporations	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of travel and accommodation services	1,039
9	FGV Group	KPF-linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of tolling services	79,249



Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
10	FGV Group, MSM Group of Companies	FELDA Group of Companies & KPF Related Corporations	Interested Major Shareholders:	Purchase of FFB	3,345,812
			<ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul>	Payment of incentive for the settlers' welfare to the Joint Consultative Committee (JCC)/ FELDA	12,398
			Interested Directors:	Rental for office premises and rental of land period less than 3 years of on pro-rated monthly or annual instalment basis	17,416
			<ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul>		
11	FELDA Group of Companies, KPF-Linked Subsidiaries, KPF Related Corporations	FGV Group	Interested Directors in KPF-Linked Subsidiaries*		
			Interested person connected:		
			<ul style="list-style-type: none"> <li>• KPF</li> </ul>		
12	FELDA Group of Companies, KPF-Linked Subsidiaries, KPF Related Corporations	KPF-Linked subsidiaries	Interested Major Shareholders:	Sale of packed products	158
			<ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul>	Sale of product (bunch ash)	760
			Interested Directors:		
			<ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul>		
13	FGV Group & FELDA Group of Companies	KPF-linked subsidiaries	Interested Directors in KPF-Linked Subsidiaries*		
			Interested person connected:		
			<ul style="list-style-type: none"> <li>• KPF</li> </ul>		
13	FGV Group, FELDA Group of Companies, KPF Related Corporations	KPF-Link Subsidiaries, FGV Trading	Interested Major Shareholders:	Provision of raw materials, sale of palm oil products	1,954,869
			<ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul>		
			Interested Directors:		
			<ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul>		
13	FGV Group, FELDA Group of Companies, KPF Related Corporations	KPF-Link Subsidiaries, FGV Trading	Interested Directors in KPF-Linked Subsidiaries*		
			Interested person connected:		
			<ul style="list-style-type: none"> <li>• KPF</li> </ul>		



## Additional Disclosure

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
14	FELDA Group of Companies, KPF-linked Subsidiaries, MSM Group of Companies, KPF Related Corporations	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Sale of fertiliser	167,488
15	FGV Group	FELDA	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Purchase of rubber	136,033
16	FELDA	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of project management consultant (PMC) services	45
17	KPF-linked subsidiaries	FGV Capital	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of financial assistance to the FGV Group on a short or medium term basis (i.e. for a duration of not exceeding 3 years)	522,722



Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
18	FGV Group	KPF-linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of tolling services – manufactured CPO & PK	697,249
19	FGV Bulkers	FELDA	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Leasing land at Plentong, Johor (Terminal T4X) having lease/rental period of less than three years on pro-rated monthly or annual instalments basis	154
20	KPF-linked Subsidiaries, FELDA Group of Companies, KPF Related Corporations	FGVPM	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of maintenance services for Infra Sabah	1,166
21	FELDA Group of Companies, KPF-linked Subsidiaries & KPF Related Corporations	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Office and building rental having rental period of less than three years on pro-rated monthly or annual instalments basis	719



## Additional Disclosure

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
22	KPF-linked Subsidiaries	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Tank, storage and handling, and warehouse rental for a period of less than three years on pro-rated monthly or annual instalments basis	7,641
23	KPF-linked Subsidiaries	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Sale of raw material (rubber)	10,875
24	FGV Group, MSM Group of Companies	KPF Related Corporations	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Food and beverage services	7
25	FGV Group	KPF-linked Subsidiaries and FGT	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Villa, land and warehouse rental for a period of less than three years on pro-rated monthly or annual instalment basis	459



Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
26	KPF-linked Subsidiaries	FGV Group	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of research and development services	17,025
27	FGV Group, FELDA Group of Companies, KPF Related Corporations	KPF-Linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Provision of advisory and laboratory analysis services, sales of seeds palm, seedlings, rat bait and agricultural products	34,171
28	FGV Group, KPF Related Corporations	MSM Group of Companies, KPF-Linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Office, building and warehouse rental having rental period of less than three years on pro-rated monthly or annual instalments basis	19
29	FGV Group	MSM Group of Companies	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Supply of sugar, molasses and other sugar products	11



## Additional Disclosure

Item	Transacting Related Party		Interested Major Shareholders/Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
30	FGV Group, MSM Group of Companies	KPF-Linked Subsidiaries	<p>Interested Major Shareholders:</p> <ul style="list-style-type: none"> <li>• FELDA</li> <li>• FAHC</li> </ul> <p>Interested Directors:</p> <ul style="list-style-type: none"> <li>• Dato' Amiruddin Abdul Satar</li> <li>• Dato' Shahrol Anuwar Sarman</li> <li>• Dato' Othman Omar</li> <li>• Mohd Hassan Ahmad</li> </ul> <p>Interested Directors in KPF-Linked Subsidiaries*</p> <p>Interested person connected:</p> <ul style="list-style-type: none"> <li>• KPF</li> </ul>	Sales of packed products	70
<b>Total</b>					<b>7,495,514</b>

\* Interested Directors in KPF Linked subsidiaries comprise of Dato' Abdul Ghani Mohd Ali, Dato' Amir Hamdan Yusof, Dato' Ramli Ismail, Dato' Saari Din, Datuk Khamis Mohamed Som, Rahayu Mahat @ Taib, Norfazlin Dato' Idris, Norzuki Mustafa, Samsudin Othman, Sulong Jamil Mohamed Sharif, Zaid Sidek and Zariah Ustaz Haron



# Application of the Principles and Practices of the Malaysian Code on Corporate Governance 2017 (MCCG 2017)

FGV's application of the principles and practices of the MCCG 2017 in respect of FY2020 are explained in the Corporate Governance Report available on our website, [www.fgvholdings.com](http://www.fgvholdings.com) and also in the Annual Integrated Report 2020 set out in the following pages:

PRACTICE	DETAILS	APPLIED / DEPARTURE / ADOPTED / NOT ADOPTED	PAGE*
<b>PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS</b>			
1.1	The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.	APPLIED	26-75, 194-195, 200
1.2	A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.	APPLIED	12, 28-33, 164, 166
1.3	The positions of Chairman and CEO are held by different individuals.	APPLIED	12, 166, 176, 199 and Corporate Governance Report
1.4	The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.	APPLIED	12, 191
1.5	Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.	APPLIED	Please refer to Corporate Governance Report
2.1	The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies— <ul style="list-style-type: none"> <li>the respective roles and responsibilities of the board, board committees, individual directors and management; and</li> <li>issues and decisions reserved for the board.</li> </ul>	APPLIED	196-199, 201
3.1	The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.	APPLIED	196-198, 236-237
3.2	The board establishes, reviews and together with management implements policies and procedures on whistleblowing.	APPLIED	36, 115, 127, 201, 215, 217-218, 233-237
4.1	At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.	APPLIED	12, 164, 166-174
4.2	The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.  If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.	NOT APPLICABLE - STEP UP 4.3 ADOPTED	-
4.3 (Step-Up)	The board has a policy which limits the tenure of its independent directors to nine years.	ADOPTED	Please refer to Corporate Governance Report
4.4	Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.	APPLIED	164-165, 204, 219-222
4.5	The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.	APPLIED	12, 164-174

\* To also refer to our Corporate Governance Report, which is available on our website, [www.fgvholdings.com](http://www.fgvholdings.com)



# Application of the Principles and Practices of the Malaysian Code on Corporate Governance 2017 (MCCG 2017)

PRACTICE	DETAILS	APPLIED / DEPARTURE / ADOPTED / NOT ADOPTED	PAGE*
<b>PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS</b>			
4.6	In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.	APPLIED	Please refer to Corporate Governance Report
4.7	The Nominating Committee is chaired by an Independent Director or the Senior Independent Director	APPLIED	12, 167, 204
5.1	The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.  For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.	APPLIED	201, 205 and Corporate Governance Report
6.1	The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.	APPLIED	200, 205, 219-222
6.2	The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.  The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.	APPLIED	204-206  204
7.1	There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.	APPLIED	220-221
7.2	The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.	APPLIED	222
7.3 (Step-Up)	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.	NOT ADOPTED	-
<b>PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT</b>			
8.1	The Chairman of the Audit Committee is not the Chairman of the board.	APPLIED	165-166, 169, 207
8.2	The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.	APPLIED	211-212 and Audit Committee Terms of Reference
8.3	The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.	APPLIED	211-212
8.4 (Step-Up)	The Audit Committee should comprise solely of Independent Directors.	NOT ADOPTED	-
8.5	Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.  All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.	APPLIED	169, 171, 173, 207



PRACTICE	DETAILS	APPLIED / DEPARTURE / ADOPTED / NOT ADOPTED	PAGE*
<b>PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT</b>			
9.1	The board should establish an effective risk management and internal control framework.	APPLIED	227-239
9.2	The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.	APPLIED	227-239
9.3 (Step-Up)	The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.	ADOPTED	165, 216-218
10.1	The Audit Committee should ensure that the internal audit function is effective and able to function independently.	APPLIED	14, 213-214
10.2	The board should disclose— <ul style="list-style-type: none"> <li>• whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;</li> <li>• the number of resources in the internal audit department;</li> <li>• name and qualification of the person responsible for internal audit; and</li> <li>• whether the internal audit function is carried out in accordance with a recognised framework.</li> </ul>	APPLIED	190, 213-214
<b>PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS</b>			
11.1	The board ensures there is effective, transparent and regular communication with its stakeholders.	APPLIED	2-3, 12, 82-84, 223-225
11.2	Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.	APPLIED	2-3, 226
12.1	Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.	DEPARTURE	225 and Corporate Governance Report
12.2	All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.	APPLIED	225 and Corporate Governance Report
12.3	Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate— <ul style="list-style-type: none"> <li>• voting including voting in absentia; and</li> <li>• remote shareholders' participation at General Meetings.</li> </ul>	APPLIED	225 and Corporate Governance Report

Detailed explanation on the application/departure/adoption of the principles and practices of the MCGG 2017 are explained in our Corporate Governance Report, which is available on our website at [www.fgvholdings.com](http://www.fgvholdings.com).



# 13<sup>th</sup> Annual General Meeting Notice

**NOTICE IS HEREBY GIVEN THAT** the 13<sup>th</sup> Annual General Meeting (AGM) of FGV Holdings Berhad ("FGV" or "the Company") **will be held entirely on a fully virtual basis through live streaming and online remote voting from the broadcast venue at Alpha Meeting Room, Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia on Wednesday, 23 June 2021 at 11.00 a.m., or any adjournment thereof, to transact the following businesses, with or without modification:**

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.  
**Please refer to Explanatory Note 1**
2. To approve the payment of Directors' fees for the Non-Executive Chairman (NEC) from 24 June 2021 until the next AGM of FGV at the rate of RM300,000.00 per annum to be paid on a monthly basis.  
**Please refer to Explanatory Note 2 and 3** **(Resolution 1)**
3. To approve the payment of Directors' fees for the Non-Executive Directors (NED) from 24 June 2021 until the next AGM of FGV based on the Directors' fee structure to be paid on a monthly basis.  
**Please refer to Explanatory Note 2 and 4** **(Resolution 2)**
4. To approve the payment of benefits payable to the NEC based on the Directors' remuneration structure for the period from 24 June 2021 until the next AGM of FGV.  
**Please refer to Explanatory Note 5** **(Resolution 3)**
5. To approve the payment of benefits payable to the Non-Executive Deputy Chairman (NEDC) and NED based on the Directors' remuneration structure for the period from 24 June 2021 until the next AGM of FGV.  
**Please refer to Explanatory Note 5** **(Resolution 4)**
6. To approve the increase of meeting allowance to the NEC, NEDC and NED based on the Directors' remuneration structure for the period from 1 January 2021 until the next AGM of FGV.  
**Please refer to Explanatory Note 5** **(Resolution 5)**
7. To re-elect the following Directors who retire in accordance with Clause 103 of the Company's Constitution and who, being eligible, offer themselves for re-election.  
  - (i) Dato' Amiruddin Abdul Satar **(Resolution 6)**
  - (ii) Dato' Shahrol Annuar Sarman **(Resolution 7)**
  - (iii) Dato' Dzulkifli Abd Wahab **(Resolution 8)****Please refer to Explanatory Note 7**
8. To re-appoint PricewaterhouseCoopers PLT, having consented to act as Auditors of the Company, for the financial year ending 31 December 2021 and to authorise the Board of Directors to determine their remuneration.  
**Please refer to Explanatory Note 8** **(Resolution 9)**

### As Special Business

To consider and if thought fit, to pass the following as Ordinary Resolution:

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **(Resolution 10)**  

**"THAT** subject always to the Companies Act, 2016 (CA 2016), the Constitution of FGV, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), other applicable laws, guidelines, rules and regulations, and the approval of the relevant governmental/regulatory authorities (where applicable), approval be and is hereby given to the Company and its subsidiaries to enter into all arrangements and/or transactions involving the interests of the Related Parties as specified in Appendix I of the Circular to the Shareholders dated 28 April 2021 (RRPT Circular), provided that such arrangements and/or transactions are:

  - (a) recurrent transactions of a revenue or trading nature;
  - (b) necessary for the day-to-day operations;
  - (c) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
  - (d) not detrimental to the minority Shareholders of the Company;

(Proposed Mandates).

**AND THAT** the Proposed Mandates shall commence immediately upon passing of this ordinary resolution and continue to be in force until:

- (i) the conclusion of the next AGM of the Company following this 13<sup>th</sup> AGM at which time the Proposed Mandates will lapse, unless the Proposed Mandates are renewed by a resolution passed at the next AGM of the Company; or
- (ii) the expiration of the period within which the next AGM is required by law to be held; or
- (iii) the Proposed Mandates are revoked or varied by a resolution passed by the Shareholders of the Company in a general meeting of the Company,

whichever is the earlier;

**AND FURTHER THAT** authority be and is hereby given to the Directors of the Company and/or its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to such transactions as authorised by this resolution and the Proposed Mandates."

### Please refer to the Explanatory Notes on Special Business

10. To transact any other business of the Company for which due notice have been given in accordance with the Company's Constitution and the CA 2016.

### BY ORDER OF THE BOARD

#### KOO SHUANG YEN

Company Secretary  
(SSM PC No. 201908003534)  
(MIA 7556)

Kuala Lumpur  
28 April 2021

### NOTES:

#### 1. Precautionary measures against Coronavirus disease 2019 (COVID-19) pandemic

- (i) Having regard to the well-being and the safety of our Shareholders, the Company will conduct its forthcoming 13<sup>th</sup> AGM entirely on a fully virtual basis through live streaming and online remote voting from the broadcast venue. Please follow the procedures provided in the Administrative Details for the 13<sup>th</sup> AGM in order to register, participate and vote remotely via LUMI AGM facilities.
- (ii) With LUMI AGM facilities, a Shareholder may exercise his/her right to participate (including to pose questions to the Chairman/Board/Management of the Company) and vote at the 13<sup>th</sup> AGM, at the comfort of their home.
- (iii) The broadcast venue of the 13<sup>th</sup> AGM is to inform Shareholders where the live streaming would be conducted from and is strictly for the purpose of complying with Section 327(2) of the CA 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting (broadcast venue).
- (iv) No Shareholders/Proxy(ies)/Corporate Representatives from the public will be physically present or will be allowed admittance at the broadcast venue on the day of the 13<sup>th</sup> AGM. Therefore, Shareholders are strongly advised to participate and vote remotely via LUMI AGM facilities.
- (v) Due to the constant evolving situation of the COVID-19 pandemic, we may be required to change the arrangements of our 13<sup>th</sup> AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 13<sup>th</sup> AGM.

#### 2. Proxy

- (i) Shareholders who are unable to participate in the 13<sup>th</sup> AGM may appoint Proxy(ies) to vote on their behalf. Where a Shareholder appoints two Proxies, each Proxy appointed shall represent a minimum of one hundred (100) shares and the appointment of such Proxies shall not be valid unless the Shareholder specifies the proportion of his/her shareholding to be represented by each of such Proxy.
- (ii) The Proxy Form shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.
- (iii) The appointment of Proxy may be made in a hardcopy form or by electronic means as follows:

##### In Hardcopy Form

The Proxy Form shall be deposited at the office of the Share Registrar of the Company at Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than **Tuesday, 22 June 2021 at 1.00 p.m.**, and in default the Proxy Form shall not be treated as valid.

##### By Electronic Means

The Proxy Form may be submitted:

- a) to the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. via e-mail to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com), no later than **Tuesday, 22 June 2021 at 1.00 p.m.** or
- b) via electronic means (e-Proxy) no later than **Tuesday, 22 June 2021 at 1.00 p.m.** (please refer to the Annexure to the Proxy Form for further information on submission via e-Proxy).

#### 3. Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees

For Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees who wish to participate and vote remotely via LUMI AGM facilities at the 13<sup>th</sup> AGM of the Company, please refer to the procedures in the Administrative Details for the 13<sup>th</sup> AGM.



#### 4. Shareholders entitled to participate and vote

For purposes of determining a Shareholder who shall be entitled to participate and vote at the 13<sup>th</sup> AGM of the Company, the Company shall be requesting from Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 63 of the Company's Constitution and Section 34(1) of Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 15 June 2021. **Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 June 2021 shall be entitled to participate and vote at the 13<sup>th</sup> AGM or appoint a Proxy(ies) to participate and vote on such depositor's behalf.**

#### 5. Request for remote participation user ID and password

The registration for remote participation will be open from **11.00 a.m. on Wednesday, 28 April 2021 up to 11.00 a.m. on Tuesday, 22 June 2021**. Please follow the procedures provided in the Administrative Details for the 13<sup>th</sup> AGM in order to participate in the 13<sup>th</sup> AGM remotely via LUMI AGM facilities.

#### 6. Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of the 13<sup>th</sup> AGM of the Company will be put to vote by poll. Poll Administrator will be appointed to conduct the poll via e-voting process and Independent Scrutineers will be appointed to verify the poll results.

**Shareholders can proceed to vote on the resolutions and submit their votes at any time from the commencement of the 13<sup>th</sup> AGM at 11.00 a.m. until a time when the Chairman of the meeting announces the completion of the voting session. Upon completion of the voting session for the 13<sup>th</sup> AGM, the Independent Scrutineers will verify the poll results followed by the Chairman of the meeting's announcement of the poll results and declaration whether the resolutions are duly passed.**

#### EXPLANATORY NOTES ON ORDINARY BUSINESS:

##### Explanatory Note 1:

##### Audited Financial Statements for the financial year ended 31 December 2020

This agenda item is meant for presentation and discussion only as under the provisions of Section 340(1)(a) of the CA 2016 and Clause 135 of the Company's Constitution, the Audited Financial Statements do not require the formal approval of Shareholders and hence, will not be put forward for voting.

##### Explanatory Note 2:

##### Payment of Directors' Fees

Section 230(1) of the CA 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The fee structure is set out in the table below:

Board/Board Committees	Fees Per Annum
Board	- RM300,000.00 (Chairman) - RM120,000.00 (NED)
Audit Committee	- RM64,000.00 (Chairman) - RM32,000.00 (NED)
Nomination and Remuneration Committee	- RM35,000.00 (Chairman) - RM20,000.00 (NED)
Investment Committee	- RM32,000.00 (Chairman) - RM16,000.00 (NED)
Board Tender Committee	- RM32,000.00 (Chairman) - RM16,000.00 (NED)
Board Governance & Risk Management Committee	- RM32,000.00 (Chairman) - RM16,000.00 (NED)

##### Explanatory Note 3:

##### Payment of Directors' fees for the NEC from 24 June 2021 until the next AGM of FGV

The proposed Resolution 1, if passed, will allow the Company to pay the NEC a fee of RM25,000.00 per month from 24 June 2021 until the next AGM of FGV.

##### Explanatory Note 4:

##### Payment of Directors' fees for the NED from 24 June 2021 until the next AGM of FGV

The proposed Resolution 2, if passed, will allow the Company to pay to each NED monthly fees of RM10,000.00 per month from 24 June 2021 until the next AGM of FGV.

##### Explanatory Note 5:

##### Payment of benefits payable

The remuneration structure (excluding Directors' fees) is set out in the table below:

Meeting Allowance	NEC, NEDC and NED
	<ul style="list-style-type: none"> <li>Local: RM2,000.00</li> <li>Overseas (Flight time &lt;= 8 hours): RM3,000.00</li> <li>Overseas (Flight time &gt; 8 hours): RM5,000.00</li> <li>Teleconferencing: RM2,000.00</li> </ul>

Other Benefits	NEC
	<ul style="list-style-type: none"> <li>Company car allowance (RM15,000.00 per month including petrol, toll charges and car maintenance)</li> <li>Driver (actual)</li> <li>Club membership (RM10,000.00 per annum)</li> <li>Mobile phone bills (actual)</li> <li>Personal entertainment (RM24,000.00 per annum)</li> <li>One (1) personal bodyguard at Chairman's disposal within Malaysia (actual)</li> <li>Medical coverage of RM100,000.00 per annum</li> <li>Group Personal Accident insurance coverage of RM200,000.00 per annum.</li> </ul>
	NEDC
	<ul style="list-style-type: none"> <li>Allowance (RM3,000.00 per month)</li> <li>Medical coverage of RM100,000.00 per annum</li> <li>Group Personal Accident insurance coverage of RM200,000.00 per annum</li> </ul>
	NED
	<ul style="list-style-type: none"> <li>Medical coverage of RM100,000.00 per annum</li> <li>Group Personal Accident insurance coverage of RM200,000.00 per annum</li> </ul>

The Company is seeking Shareholder's approval on the benefits payable to the NEC, NEDC and NED from 24 June 2021 until the next AGM of FGV (Relevant Period) in accordance with the remuneration structure (excluding Directors' fees) set out above.

The Company is also seeking Shareholder's approval on the increase of meeting allowance to the NEC, NEDC and NED for the period from 1 January 2021 until the next AGM of FGV as follows:

Existing Meeting Allowance	Proposed Increased
Teleconferencing: RM1,000.00	Teleconferencing: RM2,000.00 (increased RM1,000.00)
Overseas (Flight time <= 8 hours): RM2,000.00	Overseas (Flight time <= 8 hours): RM3,000.00 (increased RM1,000.00)

Payment of the benefits payable will be made by the Company on a monthly basis and/or as and when incurred if the proposed Resolution 3, 4 and 5 are passed at the AGM of the Company.

The Board is of the view that the payments thereof are just and equitable, as the Directors have diligently discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

##### Explanatory Note 6:

##### Retirement by rotation in accordance with Clause 97 of the Company's Constitution

Clause 97 of the Company's Constitution states that at each AGM one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third (1/3) with a minimum of one shall retire from office. In addition, each Director shall retire at least once in every three years but shall be eligible for re-election.

Datin Hoi Lai Ping who was appointed as Director of the Company on 6 September 2018 will retire in accordance with Clause 97 of the Company's Constitution. She will not seek re-election. Hence, she will retain office until the close of the 13<sup>th</sup> AGM. The profile of Datin Hoi Lai Ping is set out on page 171 of the Annual Integrated Report 2020 (AIR 2020) and in the Company's website.

##### Explanatory Note 7:

##### Resolution 6, 7 and 8 – Re-election of Directors who retire in accordance with Clause 103 of the Company's Constitution

Clause 103 of the Company's Constitution stipulates that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.

Dato' Amiruddin Abdul Satar, Dato' Shahrol Annuar Sarman and Dato' Dzulkifli Abd Wahab who were appointed as Directors of the Company on 26 October 2020, 17 November 2020 and 1 April 2021 respectively are standing for re-election in this 13<sup>th</sup> AGM. They have attended and successfully completed the Mandatory Accreditation Programme as required by the Listing Requirements.

The NRC has recommended and the Board has approved for Dato' Amiruddin Abdul Satar, Dato' Shahrol Annuar Sarman and Dato' Dzulkifli Abd Wahab to stand for re-election.

The profiles of Dato' Amiruddin Abdul Satar, Dato' Shahrol Annuar Sarman and Dato' Dzulkifli Abd Wahab are set out on page 168 and 173 of the AIR 2020 and in the Company's website.

##### Explanatory Note 8:

##### Resolution 9 – Re-appointment of Auditors

The present Auditors, PricewaterhouseCoopers PLT (PwC), have indicated their willingness to continue their services for another year. The Audit Committee and the Board have considered the re-appointment of PwC as Auditors of the Company for the financial year ending 31 December 2021 and have collectively agreed that PwC has met the relevant criteria prescribed by Paragraph 15.21 of the Listing Requirements.

#### EXPLANATORY NOTES ON SPECIAL BUSINESS:

##### Resolution 10 – Proposed Mandates

The proposed Resolution 10, if passed, will allow the Company and/or its subsidiary companies to enter into arrangements/transactions involving the interests, direct or indirect, of the Related Parties, which are recurrent transactions of a revenue or trading nature necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority Shareholders of the Company. Detailed information on the Proposed Mandates is set out in the RRPT Circular.



# Statement Accompanying Notice of Annual General Meeting

Made pursuant to Paragraph 8.27(2) of the Listing Requirements

The details of the following Directors who are seeking re-election pursuant to Clause 103 of the Company's Constitution are set out on page 168 and 173 of the AIR 2020 and in the Company's website:

1. Dato' Amiruddin Abdul Satar
2. Dato' Shahrol Anuwar Sarman
3. Dato' Dzulkifli Abd Wahab

The Directors' interests in shares of FGV and its related corporations are set out in the Directors' Report in FGV's Financial Statements for the financial year ended 31 December 2020.

**The Notice of the 13<sup>th</sup> AGM, Proxy Form, 13<sup>th</sup> AGM Administrative Details, AIR 2020, Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon, Circular to Shareholders on Proposed Mandates and Corporate Governance Report 2020 are available on the Company's website at [www.fgvholdings.com](http://www.fgvholdings.com) and Bursa Malaysia's website. Shareholders may request for copies of the printed AIR 2020 by filling up the Request Form which can also be downloaded from the Company's website and submit the same to the Share Registrar of the Company.**

**The Notice of the 13<sup>th</sup> AGM will be sent by electronic mail to Shareholders who have maintained their e-mail addresses in the Record of Depositors with Bursa Malaysia Depository Sdn. Bhd. The Notice of the 13<sup>th</sup> AGM has also been advertised in the newspaper.**

## PERSONAL DATA PRIVACY

By registering to participate and vote remotely via LUMI AGM facilities and/or submitting the Proxy Form and/or Certificate of Appointment of Corporate Representative, the Shareholder of the Company have consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The Shareholder agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.



# Administrative Details

## 1. AGM REMOTE PARTICIPATION

- As FGV's 13<sup>th</sup> AGM will be conducted entirely on a fully virtual basis from the broadcast venue, you will be able to view a live streaming of the 13<sup>th</sup> AGM proceedings, pose questions to the Chairman/Board/Management of the Company, and submit your votes remotely.
- No Shareholders/Proxy(ies)/Corporate Representatives from the public will be physically present or will be allowed admittance at the broadcast venue on the day of the 13<sup>th</sup> AGM. Therefore, Shareholders are strongly advised to participate and vote remotely via LUMI AGM facilities.

Meeting platform : <https://web.lumiagm.com>

Day and date : **Wednesday, 23 June 2021**

Time : **11.00 a.m.**

Broadcast venue : **Alpha Meeting Room, Level 21, Wisma FGV  
Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia**

## 2. LUMI AGM FACILITIES

- The platform used for the live streaming of the fully virtual 13<sup>th</sup> AGM and remote voting is via LUMI AGM facilities.
- Kindly follow the steps and instructions below to participate in the 13<sup>th</sup> AGM remotely.

### Before the day of the 13<sup>th</sup> AGM

#### Step 1 : Register online with Boardroom Smart Investor Online Portal (for first time registration only)

[Note: If you have already signed up with Boardroom Smart Investor Online Portal, you are not required to register again. You may proceed to Step 2 below to submit request for remote participation user ID and password.]

- Access website <https://boardroomlimited.my>
- Click <<Login>> button and click <<Register>> button to sign up as a user.
- Complete the registration and upload a scanned copy of your MYKAD (for Malaysian) front and back or Passport (for non-Malaysian) in JPEG or PNG format.
- Please enter a valid e-mail address and wait for Boardroom's e-mail verification.
- Your registration will be verified and approved within one (1) business day and an e-mail notification will be provided.

#### Step 2 : Submit request for remote participation user ID and password

[Note: The registration for remote participation is open from **11.00 a.m. on Wednesday, 28 April 2021 up to 11.00 a.m. on Tuesday, 22 June 2021.**]

##### Individual Shareholders

- Login to <https://boardroomlimited.my> using your user ID and password registered under Step 1.
- Select <<VIRTUAL MEETING>> and browse the meeting list for <<FGV HOLDINGS BERHAD THIRTEENTH (13<sup>TH</sup>) VIRTUAL ANNUAL GENERAL MEETING>> and click <<APPLY>> button.
- Read and agree to the terms and conditions and thereafter confirm the declaration.
- Enter your CDS account number and thereafter submit your request.
- You will receive a notification from Boardroom that your request has been received and is being verified.
- Upon system verification against the General Meeting Record of Depositors as at 15 June 2021, you will receive an e-mail from Boardroom either approving or rejecting your registration for remote participation.
- If your registration is approved, you will also receive your remote access user ID and password in the same e-mail from Boardroom after the closing date.

##### Corporate Shareholders

- Write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) by providing the name of the Corporate Shareholder, CDS account number accompanied with the scanned copy of the Certificate of Appointment of Corporate Representative or Proxy Form to submit the request.
- Please provide a scanned copy of the Corporate Representative's MYKAD (for Malaysian) front and back or Passport (for non-Malaysian) in JPEG or PNG format as well as his/her e-mail address.
- You will receive a notification from Boardroom that your request has been received and is being verified.
- Upon system verification against the General Meeting Record of Depositors as at 15 June 2021, you will receive an e-mail from Boardroom either approving or rejecting your registration for remote participation.
- If your registration is approved, you will also receive your remote access user ID and password in the same e-mail from Boardroom after the closing date.

##### Authorised Nominees and Exempt Authorised Nominees

- Write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) by providing the name of the Shareholder, CDS account number accompanied with the Proxy Form to submit the request.
- Please provide a scanned copy of the Proxy Holder's MYKAD (for Malaysian) front and back or Passport (for non-Malaysian) in JPEG or PNG format as well as his/her e-mail address.
- You will receive a notification from Boardroom that your request has been received and is being verified.
- Upon system verification against the General Meeting Record of Depositors as at 15 June 2021, you will receive an e-mail from Boardroom either approving or rejecting your registration for remote participation.
- If your registration is approved, you will also receive your remote access user ID and password in the same e-mail from Boardroom after the closing date.

### On the day of the 13<sup>th</sup> AGM


#### Step 3 : Login to virtual meeting portal

[Please note that the quality of the connectivity to virtual meeting portal is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]

- The virtual meeting portal is open for login starting from **10.00 a.m. on Wednesday, 23 June 2021**, one (1) hour before the commencement of the 13<sup>th</sup> AGM, which can be accessed via one of the following methods:
  - Launch Lumi AGM by scanning the QR Code provided in the e-mail notification under Step 2(f); or
  - Access to Lumi AGM webportal via website at <https://web.lumiagm.com>.
- Insert the Meeting ID number provided in the e-mail notification under Step 2.
- Login with your remote access user ID and password provided to you via the e-mail notification under Step 2.

##### Submit questions online

[Note: Questions submitted online will be moderated before being sent to the Chairman of the meeting to avoid repetition. All questions will be presented with the full name of the Individual Shareholders, Proxies and Corporate Representatives raising the questions. You may pose questions from **10.00 a.m. on Wednesday, 23 June 2021 until voting session commences.**]


- If you would like to ask a question during the AGM, select the messaging icon .
- Type your question within the chat box and once completed, click <<Send>> button.
- The messaging icon will be disabled when the voting session commences.



## Administrative Details


### Online remote voting

[Please note that the quality of the connectivity to virtual meeting portal for online remote voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users. You may start voting from **11.00 a.m. on Wednesday, 23 June 2021 until a time when the Chairman of the meeting announces the completion of the voting session.**]

- Once voting is open, the polling icon  will appear with the resolutions and your voting choices.
- To vote, simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.
- To change your vote, simply select another voting direction.
- If you wish to cancel your vote, please click <<Cancel>> button.
- If you wish to abstain from voting on a particular resolution, please click <<Cancel>> button.

### Remote participation through live streaming

[Please note that the quality of the connectivity to virtual meeting portal for live streaming is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]

- If you would like to view the live streaming, select the broadcast icon .
- The moment the Chairman of the meeting announces the closure of the AGM, the live streaming will end.
- You can now logout from the virtual meeting portal.

### 3. ENTITLEMENT TO PARTICIPATE AND VOTE

Only a depositor (Shareholder) whose name appears on the General Meeting Record of Depositors as at 15 June 2021 shall be entitled to participate and vote at the 13<sup>th</sup> AGM or appoint Proxy(ies) to participate and vote on such depositor's behalf.

### 4. PROXY

- If you are a Shareholder and you are unable to participate in the 13<sup>th</sup> AGM, and you wish to appoint a Proxy to vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions printed therein.
- If you are a Shareholder and you wish to participate in the 13<sup>th</sup> AGM yourself, please do not submit any Proxy Form as you will not be allowed to participate in the 13<sup>th</sup> AGM together with a Proxy appointed by you.
- The appointment of Proxy may be made in a hardcopy form or by electronic means as follows:

#### In Hardcopy Form

The Proxy Form shall be deposited at the office of the Share Registrar of the Company at Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than **Tuesday, 22 June 2021 at 1.00 p.m.**, and in default the Proxy Form shall not be treated as valid.

#### By Electronic Means

The Proxy Form may be submitted :

- to the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. via e-mail to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com), no later than **Tuesday, 22 June 2021 at 1.00 p.m.** or
- via electronic means (e-Proxy) no later than **Tuesday, 22 June 2021 at 1.00 p.m.** (please refer to the Annexure to the Proxy Form for further information on submission via e-Proxy).

### 5. CORPORATE SHAREHOLDERS, AUTHORISED NOMINEES AND EXEMPT AUTHORISED NOMINEES

For Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees who wish to participate and vote remotely via LUMI AGM facilities at the 13<sup>th</sup> AGM of the Company, please refer to the procedures in item 2 above.

### 6. PROCEEDINGS OF THE MEETING

- The meeting will start promptly at 11.00 a.m.
- The resolutions set out in the Notice of 13<sup>th</sup> AGM will be considered at the 13<sup>th</sup> AGM. You will be asked to vote on these resolutions.
- In order to enhance the efficiency of the proceedings of the 13<sup>th</sup> AGM, Shareholders may pose questions via LUMI AGM facilities at any time from 10.00 a.m. on the day of the 13<sup>th</sup> AGM until voting session commences. The Chairman/Board/Management will endeavour to address the questions received during the 13<sup>th</sup> AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
- You are able to view the Company's presentation slides via live streaming.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 13<sup>th</sup> AGM of the Company will be put to vote by poll.
- Voting session commences from 11.00 a.m. on the day of the 13<sup>th</sup> AGM until a time when the Chairman of the meeting announces the completion of the voting session. Please indicate your votes for the resolutions that are tabled for voting, confirm and submit your votes.
- Upon completion of the voting session for the 13<sup>th</sup> AGM, the Independent Scrutineers will verify the poll results followed by the Chairman of the meeting's announcement of the poll results and declaration whether the resolutions are duly passed.
- No recording or photography of the 13<sup>th</sup> AGM proceedings is allowed without the prior written permission of the Company.

### 7. ANNUAL INTEGRATED REPORT 2020 (AIR 2020) AND OTHER DOCUMENTS

- As part of our dedicated commitment to sustainable practices, the Notice, Proxy Form and Administrative Details of the 13<sup>th</sup> AGM, AIR 2020, Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon, Circular to Shareholders on proposed renewal of Shareholders' Mandate and proposed Shareholders' Mandate for the new recurrent related party transactions of a revenue or trading nature for FGV and its Group of Companies and Corporate Governance Report 2020 can be downloaded from the Company's website at [www.fgvholdings.com](http://www.fgvholdings.com) and Bursa Malaysia's website.
- If you wish to obtain a printed copy of the AIR 2020, you may submit your request by filling up the Request Form and submit the same to the Share Registrar of the Company. The Request Form can be downloaded from the Company's website at [www.fgvholdings.com](http://www.fgvholdings.com).
- Please consider the environment before you decide to print or request for the printed copy of the AIR 2020.

### 8. VOUCHERS

The Company will provide vouchers to all Shareholders/Proxies/Corporate Representatives who participated at the 13<sup>th</sup> AGM.

### 9. ENQUIRIES FOR THE 13<sup>TH</sup> AGM

- If you have any enquiry relating to the 13<sup>th</sup> AGM Administrative Details, please contact our **Investor Relations** or **Group Strategic Communications**:  
E-mail : [fgv.investors@fgvholdings.com](mailto:fgv.investors@fgvholdings.com)  
: [fgv.enquiries@fgvholdings.com](mailto:fgv.enquiries@fgvholdings.com)
- If you have any enquiry relating to LUMI AGM facilities or any of the above, please contact the **Share Registrar** of the Company:  
E-mail : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

### 10. PERSONAL DATA PRIVACY

By registering to participate and vote remotely via LUMI AGM facilities and/or submitting the Proxy Form and/or Certificate of Appointment of Corporate Representative, the Shareholder of the Company have consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The Shareholder agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.





**FGV Holdings Berhad**  
Registration No.: 200701042133 (800165-P)

CDS ACCOUNT NO.	NO. OF SHARES HELD

## PROXY FORM

I/We \_\_\_\_\_  
(Full name of Member in BLOCK LETTERS as per Identity Card (MYKAD)/Passport/Certificate of Incorporation)

MYKAD No. (for Malaysian)/Passport No. (for non-Malaysian)/Company No.: \_\_\_\_\_

of \_\_\_\_\_  
(Address in full)

Telephone No.: \_\_\_\_\_ E-mail Address: \_\_\_\_\_

being a Member of FGV Holdings Berhad ("FGV" or "the Company") hereby appoints \_\_\_\_\_  
(Full name of Proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD No. (for Malaysian)/Passport No. (for non-Malaysian): \_\_\_\_\_

of \_\_\_\_\_  
(Address in full)

Telephone No.: \_\_\_\_\_ E-mail Address: \_\_\_\_\_

and/or failing him/her \_\_\_\_\_  
(Full name of Proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD No. (for Malaysian)/Passport No. (for non-Malaysian): \_\_\_\_\_

of \_\_\_\_\_  
(Address in full)

Telephone No.: \_\_\_\_\_ E-mail Address: \_\_\_\_\_

or failing the abovenamed Proxies, the Chairman of the meeting, as my/our Proxy/Proxies to attend and vote for me/us on my/our behalf at the 13<sup>th</sup> Annual General Meeting (AGM) of the Company to be **held entirely on a fully virtual basis through live streaming and online remote voting from the broadcast venue at Alpha Meeting Room, Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia on Wednesday, 23 June 2021 at 11.00 a.m.,** or any adjournment thereof. My/our Proxy/Proxies is to vote as indicated below:

NO.		RESOLUTION	FOR	AGAINST	ABSTAIN
1	To approve the payment of Directors' fees for the Non-Executive Chairman (NEC) from 24 June 2021 until the next AGM of FGV.	1			
2	To approve the payment of Directors' fees for the Non-Executive Directors (NED) from 24 June 2021 until the next AGM of FGV.	2			
3	To approve the payment of benefits payable to the NEC from 24 June 2021 until the next AGM of FGV.	3			
4	To approve the payment of benefits payable to the Non-Executive Deputy Chairman (NEDC) and NED from 24 June 2021 until the next AGM of FGV.	4			
5	To approve the increase of meeting allowance to the NEC, NEDC and NED based on the Directors' remuneration structure for the period from 1 January 2021 until the next AGM of FGV.	5			
6	Re-election of Dato' Amiruddin Abdul Satar as Director pursuant to Clause 103 of the Company's Constitution.	6			
7	Re-election of Dato' Shahrol Anuwar Sarman as Director pursuant to Clause 103 of the Company's Constitution.	7			
8	Re-election of Dato' Dzulkifli Abd Wahab as Director pursuant to Clause 103 of the Company's Constitution.	8			
9	Re-appointment of PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Board of Directors to determine their remuneration.	9			
10	Proposed renewal of Shareholders' mandate and proposed new Shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	10			

(Please indicate with an "X" in the space whether you wish your votes to be cast for or against the resolutions, or you wish to abstain from voting on the resolutions. In the absence of such specific instructions, your Proxy will vote or abstain as he/she thinks fit).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

\_\_\_\_\_  
Signature(s)/Common Seal of Member(s)

The proportions of my/our holding to be represented by my/our Proxies are as follows:		
	No. of Shares	Percentage
First Proxy		
Second Proxy		
<b>Total</b>		<b>100%</b>



**NOTES:**

**1. Precautionary measures against Coronavirus disease 2019 (COVID-19) pandemic**

- (i) Having regard to the well-being and the safety of our Shareholders, the Company will conduct its forthcoming 13<sup>th</sup> AGM entirely on a fully virtual basis through live streaming and online remote voting from the broadcast venue. Please follow the procedures provided in the Administrative Details for the 13<sup>th</sup> AGM in order to register, participate and vote remotely via LUMI AGM facilities.
- (ii) With LUMI AGM facilities, a Shareholder may exercise his/her right to participate (including to pose questions to the Chairman/Board/Management of the Company) and vote at the 13<sup>th</sup> AGM, at the comfort of their home.
- (iii) The broadcast venue of the 13<sup>th</sup> AGM is to inform Shareholders where the live streaming would be conducted from and is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting (broadcast venue).
- (iv) No Shareholders/Proxy(ies)/Corporate Representatives from the public will be physically present or will be allowed admittance at the broadcast venue on the day of the 13<sup>th</sup> AGM. Therefore, Shareholders are strongly advised to participate and vote remotely via LUMI AGM facilities.
- (v) Due to the constant evolving situation of the COVID-19 pandemic, we may be required to change the arrangements of our 13<sup>th</sup> AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 13<sup>th</sup> AGM.

**2. Proxy**

- (i) Shareholders who are unable to participate in the 13<sup>th</sup> AGM may appoint Proxy(ies) to vote on their behalf. Where a Shareholder appoints two (2) Proxies, each Proxy appointed shall represent a minimum of one hundred (100)

shares and the appointment of such Proxies shall not be valid unless the Shareholder specifies the proportion of his/her shareholding to be represented by each of such Proxy.

- (ii) The Proxy Form shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.
- (iii) The appointment of Proxy may be made in a hardcopy form or by electronic means as follows:

In Hardcopy Form

The Proxy Form shall be deposited at the office of the Share Registrar of the Company at Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than **Tuesday, 22 June 2021 at 1.00 p.m.**, and in default the Proxy Form shall not be treated as valid.

By Electronic Means

The Proxy Form may be submitted :

- a) to the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. via e-mail to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com), no later than **Tuesday, 22 June 2021 at 1.00 p.m.** or
- b) via electronic means (e-Proxy) no later than **Tuesday, 22 June 2021 at 1.00 p.m.** (please refer to the Annexure to the Proxy Form for further information on submission via e-Proxy).

**3. Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees**

For Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees who wish to participate and vote

remotely via LUMI AGM facilities at the 13<sup>th</sup> AGM of the Company, please refer to the procedures in the Administrative Details for the 13<sup>th</sup> AGM.

**4. Shareholders entitled to participate and vote**

For purposes of determining a Shareholder who shall be entitled to participate and vote at the 13<sup>th</sup> AGM of the Company, the Company shall be requesting from Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 63 of the Company's Constitution and Section 34(1) of Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 15 June 2021. **Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 June 2021 shall be entitled to participate and vote at the 13<sup>th</sup> AGM or appoint a Proxy(ies) to participate and vote on such depositor's behalf.**

**5. Request for remote participation user ID and password**

The registration for remote participation will be open from **11.00 a.m. on Wednesday, 28 April 2021 up to 11.00 a.m. on Tuesday, 22 June 2021**. Please follow the procedures provided in the Administrative Details for the 13<sup>th</sup> AGM in order to participate in the 13<sup>th</sup> AGM remotely via LUMI AGM facilities.

**6. Voting**

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 13<sup>th</sup> AGM of the Company will be put to vote by poll. Poll Administrator will be appointed to conduct the poll via e-voting process and Independent Scrutineers will be appointed to verify the poll results.

**Shareholders can proceed to vote on the resolutions and submit their votes at any time from the commencement of the 13<sup>th</sup> AGM at 11.00 a.m. until a time when the Chairman of the meeting announces the completion of the voting session. Upon completion of the voting session for the 13<sup>th</sup> AGM, the Independent Scrutineers will verify the poll results followed by the Chairman of the meeting's announcement of the poll results and declaration whether the resolutions are duly passed.**

Fold Here



13<sup>th</sup> Annual General Meeting  
FGV Holdings Berhad  
23 June 2021

STAMP

**Share Registrar**

Boardroom Share Registrars Sdn. Bhd.  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Fold Here



## ANNEXURE TO THE PROXY FORM

Dear Shareholders,

We are pleased to inform you that as a Shareholder, you have the option to submit your Proxy Form via electronic means (e-Proxy). Once you have successfully submitted your e-Proxy form, you are no longer required to complete and submit the physical Proxy Form to the office of the Share Registrar of the Company.

To assist you on how to engage with e-Proxy, kindly read and follow the guidance notes which are detailed below:

### PROCEDURE FOR ELECTRONIC LODGEMENT OF PROXY FORM OF THE 13<sup>TH</sup> AGM (E-PROXY LODGEMENT)

#### Step 1 – Register online with Boardroom Smart Investor Online Portal (for first time registration only)

*[Note: If you have already signed up with Boardroom Smart Investor Online Portal, you are not required to register again. You may proceed to Step 2 below for e-Proxy lodgement.]*

- a. Access website <https://boardroomlimited.my>
- b. Click <<Login>> button and click <<Register>> button to sign up as a user.
- c. Complete the registration and upload a scanned copy of your MYKAD (for Malaysian) front and back or Passport (for non-Malaysian) in JPEG or PNG format.
- d. Please enter a valid e-mail address and wait for Boardroom's e-mail verification.
- e. Your registration will be verified and approved within one (1) business day and an e-mail notification will be provided.

#### Step 2 – e-Proxy lodgement

- a. Login to <https://boardroomlimited.my> using your user ID and password registered under Step 1.
- b. Select <<E-PROXY LODGEMENT>> and browse the meeting list for <<FGV HOLDINGS BERHAD THIRTEENTH (13<sup>TH</sup>) VIRTUAL ANNUAL GENERAL MEETING>> and click <<APPLY>> button.
- c. Read and agree to the terms and conditions and thereafter confirm the declaration.
- d. Enter your CDS account number and indicate the number of securities for your Proxy(ies) to vote on your behalf.
- e. Appoint your Proxy(ies) or the Chairman of the AGM and enter the required particulars of your Proxy(ies).
- f. Indicate your voting instructions - FOR or AGAINST or ABSTAIN, otherwise your Proxy(ies) will decide your votes.
- g. Review and confirm your Proxy(ies) appointment.
- h. Click submit.
- i. Download or print the e-Proxy form acknowledgement.







[www.fgvholdings.com](http://www.fgvholdings.com)

**FGV HOLDINGS BERHAD**  
Registration No. 200701042133 (800165-P)

Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.  
t +603 2789 0000 f +603 2789 0001