

HARNESSING POTENTIAL

Pre-AGM Questions From Shareholders



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FGV AIR &
AFS 2024



QUESTION 1: TEH KIAN LANG

Q: Will 2026 be better than 2025?

QUESTION 1: TEH KIAN LANG

A: FGV's profitability as an agribusiness is influenced by operational productivity, cost control, and commodity price movements. Various key initiatives have been established across sectors to deliver better performance, including:

- Improve productivity through loose fruits collection, estate mechanisation, and crops' accessibility and security.
- Expand portfolio of high-value products, venturing into premium markets.
- Diversify into premium product storage and handling, such as renewable energy and chemicals.
- Turnaround and rationalise non-performing businesses.

QUESTION 2: ARIFF BIN ADAM

Q: What are the strategies and policies management could implement to ensure that the company would perform better or at least at par with other listed plantation companies in Bursa that are rewarding shareholders with dividends year after year?

QUESTION 2: ARIFF BIN ADAM

A: Our Business Plan 2025-2027 (BP27) outlines a clear roadmap to improve performance across all divisions. This includes enhancing operational efficiency and maximising crop yields, expanding our value-added product portfolio, increasing exports to regional countries, and improving resource utilisation to strengthen the supply chain.

We remain focused on seizing opportunity, managing risks, and operating responsibly to deliver long-term value for shareholders.

QUESTION 3: AZHAR BIN KHAMARUZAMAN (1/6)

Q: The 1Q FY2025 results indicate a significant turnaround in the Plantation Division, contributing to an overall Profit Before Tax of RM83 mn.

Could the Board elaborate on the specific operational improvements and cost-efficiency measures within the Plantation Division that drove this turnaround, and provide an outlook on the sustainability of these improvements for the remainder of FY2025, particularly in the context of the CPO price outlook mentioned in the press release?

QUESTION 3: AZHAR BIN KHAMARUZAMAN (1/6)

A: Operational improvement in 1Q FY2025 was primarily contributed by better FFB yield and lower operating costs. To achieve these, we continue to focus on several key measures including better collection of loose fruits, elimination of unharvested areas/bunches, improvement in crop accessibility and security, increased mechanisation, digitalisation, and automation, as well as optimised manuring.

These 'Footprint' initiatives aim to drive steady annual FFB growth and cushion the impact of lower CPO prices in 2025.

QUESTION 4: AZHAR BIN KHAMARUZAMAN (2/6)

Q: The Notice of the 17th AGM proposes a final dividend of 5.0 sen per share for the financial year ended 31 December 2024. Considering the ongoing unconditional voluntary takeover offer by FELDA and the company's future strategic initiatives, including the proposed acquisitions from KPF, what is the Board's policy or outlook on future dividend distributions should the company remain listed or be delisted?

QUESTION 4: AZHAR BIN KHAMARUZAMAN (2/6)

A: FGV's dividend policy balances shareholder returns with capital requirements and long-term strategic objectives. The dividend payment will be based on our Dividend Payment Policy of at least 50% of the Group's PATAMI. The Group also take into account several factors, including cash reserves, gearing levels, return on equity, retained earnings, projected capital expenditure, working capital requirements, and other relevant considerations, regardless of whether the company remains listed or is eventually delisted.

QUESTION 5: AZHAR BIN KHAMARUZAMAN (3/6)

Q: Given FELDA's unconditional voluntary take-over offer at RM1.30 per share and its stated intention not to maintain FGV's listing status, as detailed in the 26 May 2025 notice, what is the Board's assessment of this offer price in relation to the company's intrinsic value and future prospects, and what advice does the Board offer to minority shareholders considering this offer, especially in light of the Offer Document to be dispatched?

Regarding the proposed acquisitions from KPF for a total consideration of RM229.75 mn, as announced on 23 May 2025, could the Board provide further details on the anticipated timeline for the integration of these Target Companies and the key performance indicators that will be used to measure the success of these acquisitions in streamlining operations and enhancing shareholder value?

QUESTION 5: AZHAR BIN KHAMARUZAMAN (3/6)

A: FGV has appointed Kenanga IB to act as the Independent Adviser of FGV to provide comments, opinions, information, and recommendations to the non-interested Directors and the related shareholders on the Offer. Their evaluations on the Offer will be detailed in the Independent Advice Circular, which is scheduled for circulation to the holders of the Offer Shares on 26 June 2025. |

In regards to the Proposed Acquisition of KPF shares in FGV's subsidiaries, the Target Companies are already operationally integrated within the Group. The acquisitions are intended to consolidate ownership, enable full control, streamline operations, and enhance strategic alignment across the Group's operations. Completion is targeted by 3Q 2025, subject to regulatory and shareholder approvals.

QUESTION 6: AZHAR BIN KHAMARUZAMAN (4/6)

Q: The Corporate Governance Report for FY2024 (page 44) indicates a departure from Practice 5.2 of the MCCG, with the board not comprising a majority of independent directors as of 31 December 2024 (3 INEDs out of 7 directors), although it notes a new INED was appointed in January 2025 making it 4 INEDs.

What concrete steps and definitive timeline does the Board have to achieve a board composition with a majority of independent directors to fully align with the MCCG recommendations?

QUESTION 6: AZHAR BIN KHAMARUZAMAN (4/6)

A: To ensure that Practice 5.2's intended outcome is achieved, the majority of members on key Board Committees are Independent Non-Executive Directors (INEDs) so that the Board Decisions are made objectively in the best interest of the Company.

The NRC is currently reviewing qualified INED candidates to be appointed based on their business and industry knowledge, experience, and skills, as well as the ability to contribute objectively and constructively to Board deliberations.

QUESTION 7: AZHAR BIN KHAMARUZAMAN (5/6)

Q: The 1Q FY2025 press release mentions that CPO prices are expected to ease from current levels to around RM4,000 per MT in the coming months. How does the Board anticipate this potential easing of CPO prices will impact FGV's overall financial performance in the subsequent quarters, and what specific strategies, beyond the ongoing agronomic improvements, are being implemented to mitigate this risk and ensure continued profitability?

QUESTION 7: AZHAR BIN KHAMARUZAMAN (5/6)

A: Although CPO prices may ease to around RM4,000 per MT, the Plantation Division is expected to maintain stable profits, supported mainly by strong performance from the Estates & Mills and R&D segments.

Higher productivity, improved cost control, and increased fertiliser sales are expected to help cushion the impact of lower CPO prices.

QUESTION 8: AZHAR BIN KHAMARUZAMAN (6/6)

Q: The Circular to Shareholders dated 30 April 2025 requests renewal and new mandates for Recurrent Related Party Transactions (RRPTs). Considering the significant aggregate estimated value of these transactions, what specific enhancements or changes, if any, have been made to the review procedures and internal controls governing these RRPTs since the last mandate to ensure they continue to be conducted on normal commercial terms and are not detrimental to minority shareholders?

QUESTION 8: AZHAR BIN KHAMARUZAMAN (6/6)

A: The Circular to Shareholders dated 30 April 2025 requests renewal and new mandates for Recurrent Related Party Transactions (RRPTs) amounting to RM14.24 bn. The increase in the 2025 mandated amount by approximately RM2.8 bn compared to 2024 is mainly due to higher prices and volumes for FFB, RBDPL, CPO, and PK, driven by stronger market demand expected during the 2025 mandate period.

In terms of internal control and governance, all RRPTs are monitored by the Audit Committee as in line with Section 3(h) of our 2025 RRPT Circular and follow FGV Group's internal procedures and the MMLR.

As per section 3(c) and (d) of our 2025 RRPT Circular, we also conduct annual pricing tests to ensure that all RRPTs are undertaken on arm's length basis and on normal commercial terms (i.e. they are not more favourable to related parties than to external parties and are not detrimental to FGV's minority shareholders).

QUESTION 9: NOORINA BINTI MD SOM (1/3)

Q: On Resolution 9 (RRPTs): The Circular (pg. 2) states that the proposed RM14.24 billion in related party transactions are on 'normal commercial terms'. However, the same circular (pg. 24) reveals that these related parties have over RM230 mn in overdue receivables. How can the Board assure minority shareholders that these terms are genuinely 'commercial' when the related parties are not paying their debts on time? Will the Board commit to making future transactions contingent on the full settlement of all overdue amounts?

QUESTION 9: NOORINA BINTI MD SOM (1/3)

A: As a disclosure requirement, the RRPT receivables of RM230.9 mn are stated as at 31 December 2024. Collection, however, has been an ongoing process and as at 31 May 2025, the net balance amount due has been reduced significantly to RM110.3 mn with RM120.7 mn recovered.

Out of the net balance receivables, RM96.2 mn are outstanding for 1 year or less, and the bulk of the remaining balance has a payment plan for the debt settlement.

Our Board believes that the overdue amounts, which mainly from long-term trading partners of FGV Group, are closely monitored and proper steps are taken to ensure early settlement. This includes continuous engagement with the related parties and procuring settlement arrangements.

QUESTION 10: NOORINA BINTI MD SOM (2/3)

Q: On ESG Performance: The Sustainability Report (pg.137) highlights a 50% GHG reduction target by 2030. Given that Scope 3 emissions account for over 80% of FGV's total footprint, what is the specific, budgeted capital expenditure allocated to reduce these supply chain emissions, and what percentage of your third-party FFB suppliers are currently contractually obligated to meet these reduction targets?

QUESTION 10: NOORINA BINTI MD SOM (2/3)

A: Following the validation of FGV's near- and long-term reduction targets by the Science Based Targets initiative in May 2025, FGV is developing its Greenhouse Gas (GHG) reduction roadmap to outline strategic interventions, required investments and capital expenditure allocation to meet its targets.

Our FFB suppliers are required to sign FGV's Supplier Code of Conduct, which includes a commitment to reduce GHG emissions. This aligns with FGV's commitment to net-zero by 2050. FGV will also engage with the suppliers on their roles towards meeting the GHG reduction targets.

QUESTION 11: NOORINA BINTI MD SOM (3/3)

Q: On Resolution 6 (Director Re-election): Regarding the re-election of Dato' Shahrol Anuwar Sarman, who is also a director of FELDA, how does the Nomination Committee and the Board address the clear conflict of interest when he is deliberating on and overseeing the Group's single largest financial mandate, which primarily benefits FELDA-related entities? What specific mechanisms are in place to ensure his duty to FGV's minority shareholders is not compromised?

QUESTION 11: NOORINA BINTI MD SOM (3/3)

A: The Board and Nomination and Remuneration Committee fully recognise the importance of protecting minority shareholders' interests.

In accordance with the Company's governance policies, Dato' Shahrol Anuwar Sarman shall declare his interest and abstain from any deliberations or decisions where a conflict exists.

The Board also ensures that all related party transactions (RPT) and Recurrent Related Party Transactions (RRPT) are reviewed by the Audit Committee, which comprises majority of independent directors, to safeguard the interests of minority shareholders and ensure all decisions are made at arm's length and in the best interest of FGV. In such cases, Dato' Shahrol shall abstain from deliberating and voting on RPT and RRPT matters.

Furthermore, Independent directors play an active role in ensuring that all decisions are made in the best interest of FGV and its shareholders as a whole, with strong adherence to governance standards and transparency as recommended in MCCG 2021.

THANK YOU



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